

# Paper Money

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Official Journal of the  
Society of Paper Money Collectors

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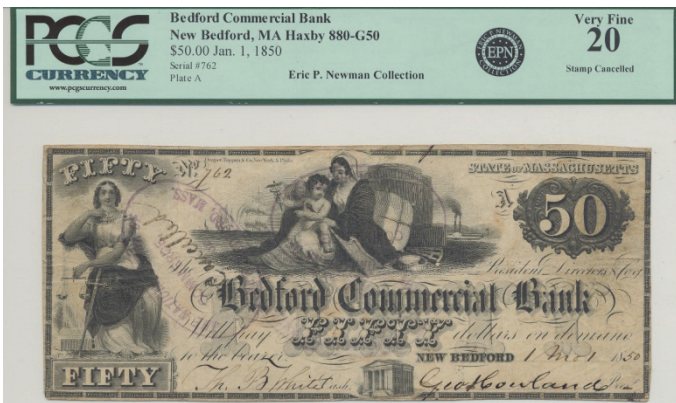


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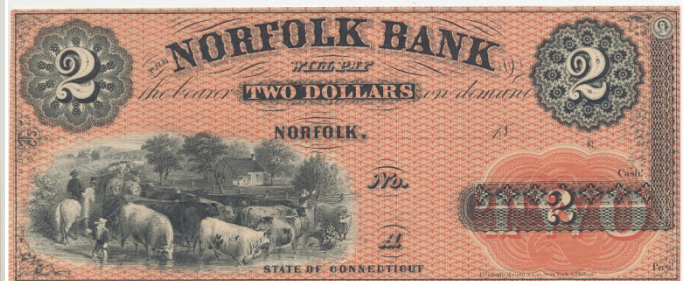


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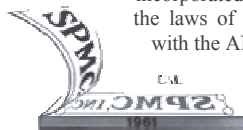
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# The Alabama Insurance Company of Montgomery: King of Alabama Obsolete Notes

by Bill Gunther

In 1984 Walter Rosene Jr. published the first and only comprehensive catalog of Alabama obsolete notes and scrip with 796 individual non-state privately issued notes.<sup>1</sup> That total has since been increased to more than 1,018 and counting.<sup>2</sup> Among those listed in Rosene, three private companies stand out because of the large number of different issues of scrip identified. The Central Bank of Montgomery (R231) heads this list with a total of 18 different notes, followed by the Bank of Mobile (R183) with 17 notes and the Alabama Insurance Company of Montgomery (R228) with 16 different notes. However, these totals are obtained from a catalog that is more than 30 years old. In this article I identify an additional 57 previously unlisted notes of the Alabama Insurance Company of Montgomery (AIC). The number of known notes from this issuer increases from 16 to an incredible 73 (see Table A-1) making it the most prolific issuer of known scrip in Alabama!

I will first begin by reviewing the Charter granted to the AIC and its founders. That will be followed by a review the listings of notes currently appearing in Rosene identifying 3 errors in that listing. I will then review the new fractional notes followed by the new \$1 and higher notes. I will conclude with some unanswered questions.

## The Charter for Alabama Insurance Company of Montgomery

The Alabama Insurance Company of Montgomery was chartered by the Alabama General Assembly on February 8, 1858.<sup>3</sup> Listed as founders were five prominent Montgomery citizens, four of whom were “planters” and the fifth, interestingly, a “banker” (Table 1). During this period, some insurance companies were created in order for them to issue scrip and loan money, i.e., act like a bank without the limitations of banking regulation.<sup>4</sup> That may help explain the fact that at least 14 different insurance companies are listed in Rosene. Having a banker as a co-founder of an insurance company may be more than just a coincidence!

**Table 1**

Founders of the Alabama Insurance Company of Montgomery

Name (age 1860)	Born	Occupation	Real Estate	Personal Estate	Slaves
Lovick Butler (39)	GA.	Planter	\$ 35,000	\$175,000	74
Willis R. Callaway (51)	GA.	Planter	\$190,000	\$341,000	130
Smith Cullum (36)	TN.	Banker	\$ 16,000	\$ 24,000	0
Henry Holmes (58)	SC.	Planter	\$ 10,000*	\$ ?	96
William Westcott (38)	AL.	Planter	\$100,000	\$ 63,729	?
			\$351,000	\$603,729	300

Source: AIC Charter, 1860 Federal Census, \*1850 Federal Census, and 1850 Slave Schedule, Accessed through Ancestry.com.



The founders ranged in age from 36 (the banker) to 65 (a planter) and their combined wealth in 1860 (“personal estate”) was a minimum of \$603,729, the equivalent of more than \$17 million in 2014.<sup>5</sup> Approximately half of this wealth was associated with the 300 slaves owned by these individuals.<sup>6</sup> By adding another \$351,000 in the value of their “real estate” the combined wealth of these individuals was almost \$1 million (\$954,729) in 1860 dollars or \$27 million in 2014!

The Act creating this company had a number of interesting sections. Section 2 of the Charter authorized a very modest capital requirement of \$100,000, an amount that could have easily been raised by the five founders themselves. Their combined wealth and standing in the community would have made selling these shares at \$100 relatively easy.

Section 5 authorized this company to sell insurance on ships, sea-going vessels, all goods, wares, merchandise, slaves, houses, and stores. Interestingly, insurance on slaves was a relatively new product line in the insurance business and was generally limited to a maximum of 66% of their value to prevent “moral hazard”, that is the situation where the person buying the insurance has an incentive to act in such a way as to increase risky behavior precisely because he now has insurance.<sup>7</sup> For example, the owner of a fully insured slave could act in such a way as to bring harm to the slave since he could recover any financial loss through insurance.

Section 5 also authorized the company to “...loan its money, or other property, to any person on any security which it may think proper.” This section allowed the company to act as a bank, but there is nothing in the Charter that says AIC would be subject to the normal usury laws applicable to banks. Clearly AIC was given the freedom to act like a bank with regard to making loans but the Charter also states “Provided that nothing in this Act shall be construed as to authorize said corporation to make any notes to circulate as bank notes, or to issue any securities to be circulated in the community as money.” Alabama authorities were probably remembering the Panic of 1837 which led to hundreds of banks, merchants, railroads and others to issue private currency.<sup>8</sup> As a consequence, paper money quickly lost value and a 6-year depression soon followed. This legislative attempt to restrict the private issuing of currency however, was soon negated by the beginning of the Civil War and the hoarding of all specie.

Section 15 of their charter stated that “...said insurance company shall not act as the agent of any bank or other company, incorporated by, or located in another state, in carrying on the business of banking in this state, and shall not borrow, or obtain from any such bank, or company, any bank notes, money, or credits and use the same in this state in lending out the same, or discounting notes, or in dealing in exchange.” This section appears to limit AIC from any banking activity that involved banks from outside the state. But it also suggest that IF the AIC notes bearing the name of Atlanta, Ga. were in fact issued in Georgia, it would be illegal to use them in Alabama. We will have more to say about the “Atlanta, Ga.” reference in a later section.

The development of insurance and insurance companies occurred first in states in the north-east of the country with companies being founded in New York, Pennsylvania, Massachusetts and Maryland.<sup>9</sup> Consequently much of the insurance in force in the South in the mid-1800s was most likely issued by these companies or their agents, although there were also smaller companies beginning to emerge in the South. As the threat of war between the North



and the South grew, it may have become obvious to the founders of AIC that an alternative to Northern insurance coverage would be necessary. They were right. The Nonintercourse Act passed on July 13, 1861 essentially mandated that "...all commercial intercourse by and between the inhabitants of any State in a state of insurrection and those of the rest of the United States shall cease, and be unlawful so long as such condition of hostility shall continue...."<sup>10</sup> Whether or not AIC correctly anticipated this situation in 1858, it certainly would have been at the right place at the right time to serve the insurance needs in Alabama and elsewhere. Evidence that AIC was in the insurance business is the fact that they had underwritten the Tredegar Iron Works in Richmond, Virginia against fire to the amount of \$15,000.<sup>11</sup> It burned in 1863 by accident and it is unclear if AIC was able to make good on the claim.

### **The Rosene Listings: Three Errors**

Rosene lists a total of 16 notes issued by AIC in his 1984 book (Exhibit 1). It is somewhat ironic that while his rarity ratings suggest these notes are all relatively common (1-4 on a scale of 1-7), only one photo (a 10 cent note) is included in the book. By comparison, the Central Bank of Alabama, another "common" (R2 and R3) Montgomery issuer with 18 notes, has 3 photos. Unfortunately, the caption under the only photo lists the note as 228-2 but that simply states "Similar to No. 228-1" and the description for note 228-1 states it contains a "Male (left)." There is no "Male" anywhere on the note in the photo. In fact, Rosene does not contain a specific listing for the 10 cent note in the photo, which is strange since it is rather obvious that it existed. This is error number 1.

Reading down the list of notes are four \$2 notes, two of which are 228-9 and 228-12. The descriptions offered for these two notes are exactly the same ("Similar to 228-8") but lists one date as April 1 while the other is listed as April 4, 1862. The April 4 date should be April 1 which makes the two listings identical. This same error occurs on a \$3 note (228-14) and on a \$5 note (228-16). Misreading the date is error number 2.

We next come to a \$3 note (228-13) with the description "Vignette" followed by "(C) Dog. (R) Steamboat". The "Steamboat" is actually in the left margin as are all the vignettes. Since Rosene describes the vignette as a "Steamboat" with a "dog center" (bottom) what is the purpose of the word "Vignette" in the description? Rosene first uses the term "Vignette" in 228-7 but he provides no guidance as to what that vignette shows. We are left confused as to whether "vignette" refers to some image perhaps difficult to describe or should we infer that "vignette" refers to notes only with the steamboat (228-13)? For example, in 228-12, a \$2 note, he states "Similar to 228-8, except denomination." The trouble with this description is that 228-8 refers to 228-7 which simply states "Vignette". Other than the incorrect date, April 4, 1862, there is insufficient information by which we can identify notes if all we have is the word "Vignette". Given the implied availability of these notes (low rarity numbers), it is not at all clear why Rosene simply chose to state "Vignette" for 8 different notes (note that he simply states "Similar to.." in 7 of the cases, but all refer us back to "Vignette").

Are we to interpret this to mean that all 8 of these notes have the same "vignette"? If so, was he describing what some have referred to as "Frill" or "Fancy Design" (see photos) as the "vignette"? Or was Rosene using the term "Vignette" for 8 different vignettes that were difficult to describe because he did not actually have them to view? When he states "vignette" and then

describes the vignette as he does for 228-13, 14, 15, 16, what are we to make of the role of the word “vignette” in the description?

**Exhibit 1:** Rosene’s Listing of Alabama Insurance Company of Montgomery

**ALABAMA INSURANCE COMPANY**

228-1	5¢	(L) Male, red 5. (C) “Will pay the Bearer . . .” (R) Red 5. Blue and red print. Vignettes vary on this denomination.	R1
228-2	10¢	Similar to No. 228-1, except denomination.	R1
228-3	25¢	Similar to No. 228-1, except denomination.	R2

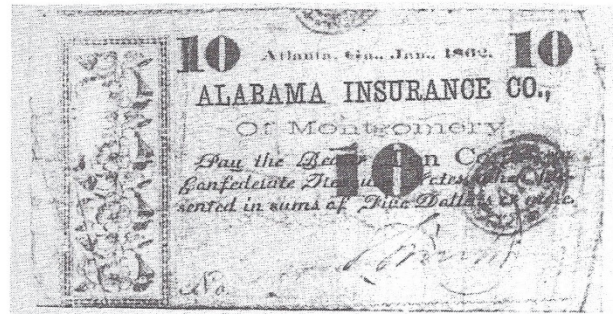


Photo Montgomery No. 228-2

228-4	50¢	Similar to 228-1, except denomination.	R2
228-5	75¢	Similar to No. 228-1, except denomination.	R2
228-6	\$1	(L) Flag, 1. (C) Red ONE. Red and black print. W-58. Date: April, 1862, engraved.	R2
228-7	\$1	(L) Vignette, red 1. (C) Red ONE. (R) ONE DOLLAR, 1. Date: April, 1, 1862, engraved.	R2
228-8	\$1	Similar to No. 228-7, except small key at bottom. Date: Sept. 1, 1862, engraved.	R4
228-9	\$2	Similar to No. 228-8, except denomination. Date: April 1, 1862, engraved.	R2
228-10	\$2	(L) Train, steamboat. (C) Red TWO. (R) TWO. Date: April 1, 1862, engraved.	R2
228-11	\$2	Similar to No. 228-7, except denomination. Date: September 1, 1862, engraved.	R7
228-12	\$2	Similar to No. 228-8, except denomination. Date: April 4, 1862, engraved.	R2
228-13	\$3	Vignette. (C) Dog. (R) Steamboat, THREE. A-11. Date: September 1, 1862, engraved.	R3
228-14	\$3	Similar to No. 228-7, except denomination, and (L) Steamboat. Date: April 4, 1862, engraved.	R4
228-15	\$5	Similar to No. 228-7, except denomination, and (L) Mules pulling wagon load of cotton. Date: September 1, 1862, engraved.	R4
228-16	\$5	Similar to No. 228-7, except denomination, and (L) Train. Imprint: Unknown for entire issue above. Date: April 4, 1862, engraved.	R4

Source: Rosene, pp. 93-94. Used by permission of SPMC.

Since Rosene used the term vignette in situations where the actual vignettes are different, it is my opinion that he used the term to simply state that a note had a vignette as opposed to not having a vignette. But that leaves us with the problem of trying to identify notes in those cases where he failed to fully describe the vignette such as 228-7, 8, 9, 11 and 12. Failing to adequately describe notes and their vignettes is error number 3.

An interesting omission is that Rosene did not think it was necessary to indicate that the fractional notes all carried the notation of “Atlanta, Ga.” in the top center of the note. He also



did not list any cities in the higher denominations notes although they vary from no city mentioned, to Montgomery to Atlanta (see Table A-1). We are left to wonder why there were no fractional notes with “Montgomery, Ala.” in the top center position.

### **The Georgia Obsolete Connection**

Before I begin to identify AIC notes that are missing from Rosene, a huge debt of gratitude is due to Carl Anderson and the late David Marsh who compiled the “Georgia Obsolete Currency” web page.<sup>12</sup> Although the web page has a Georgia focus, they included notes from AIC, presumably because of the reference to “Atlanta, GA.” The data in Table A-1 were largely derived from their work and where appropriate their notes are shown with a “G” reference letter followed by their code for that particular note. They apparently invited other collectors to submit scans of notes that were not listed on their web page allowing them to identify a large number of new notes. Their section on the Alabama Insurance Company is a valuable resource for Alabama collectors.<sup>13</sup>

To facilitate communication, it is necessary to reconcile a few of the terms that have been used to describe certain vignettes by myself, Anderson and Marsh and Amanda Sheheen at aocurrency.com. In a number of cases, Anderson and Marsh use the same terms to describe different vignettes. I believe my descriptions (see Table 2) for these notes are more accurate and will allow collectors to properly classify their notes.

**Table 2: A Cross Reference of Selective Descriptive Terms**

<u>Gunther</u>	<u>Marsh/Anderson or AOCurrency.com</u>
5c Flowers Centered	“Fancy Design Across”, AO = “Fancy Scroll”
5c Fancy Design (-x design)	“Different design”; AO=“Fancy Scroll”
10c Flowers Off-Centered	“Fancy Design Across”
10c Flowers Centered	“Fancy Design Across”
25c Fancy Scroll (Thimbles?)	“Fancy Design Across”
5c to 75c Train in Oval/2 Tracks	“Train Across”
\$1 Long Train/Steamboat	“Train Across”
\$1 Man Watches Race	“Station Manager Watches”; AO=“Man on Horse”
\$1 Train with 3 Cars	“Red Vignette of a Train”
\$1 Long Train/Steamship	“Long Black Train with Steamboat”
\$2 Long Train/Steamboat	“Long black Train with Steamboat”
\$5 Train with 3 Cars	“Train & Cars”

### **The Fractional Notes**

I begin the identification and clarification of existing fractional notes with very much needed terms for the various vignettes encountered. The lack of adequate descriptions by Rosene led Heritage Auctions to list a combination of obviously different AIC fractional notes as “Rosene 1-5” in a 2010 auction.<sup>14</sup> Table 3 lists the known vignettes on AIC fractional notes together with the denominations for those vignettes.

**Table 3: Known Fractional Denominations by Vignette**

Description	Known Denominations
George Washington	5c, 10c, 25c, 50c, 75c
Two Maids/Wheat	5c, 10c, 25c, 50c, 75c
Train in Oval	5c, 10c, 25c, 50c, 75c
Bare Breast Woman	5c, 25c
Fancy Scroll ("X" design)	5c, 25c
Flowers Centered	5c, 10c
Flowers Off-Centered	10c
Two Indians	5c
Liberty Standing	50c
"Fancy Design Across" (Thimble?)	25c

Rosene only describes one vignette, (a 5c) having a "Male" while all the other fractionals are described as "similar" to 228-1. I now believe that this male is George Washington. Below are photos of each of the 10 known vignettes on fractional notes. Note the use of different fonts on the notes and on the "of Montgomery" portion as well.



R228-1-5 "Male" or George Washington.  
5c, 10c, 25c, 50c, 75c



R228-Unl. Two Women, Wheat.  
5c, 10c, 25c, 50c, 75c

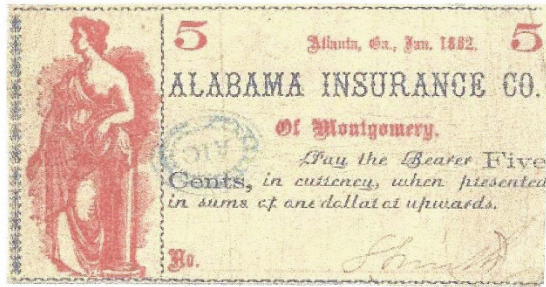


R228-Unl. Liberty Standing. 50c\*

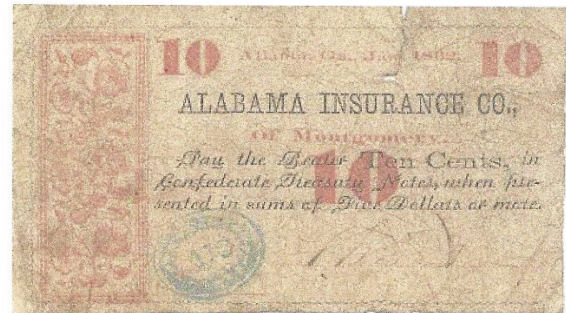


R228-Unl. Train in Oval.  
5c, 10c, 25c, 50c, 75c\*

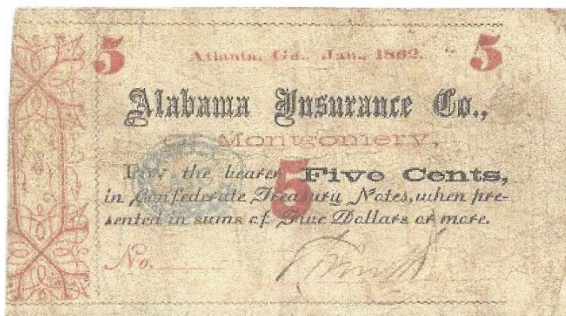




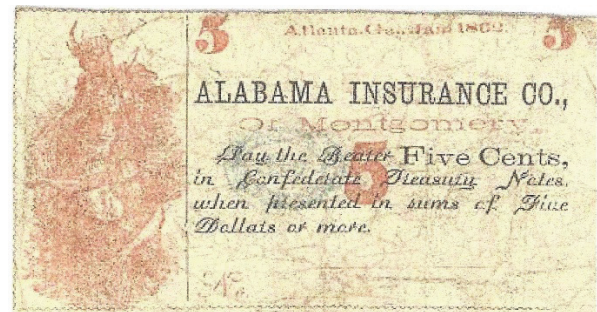
R228-Unl. "Bare Breast Woman."  
Ceres? 5c, 25c\*



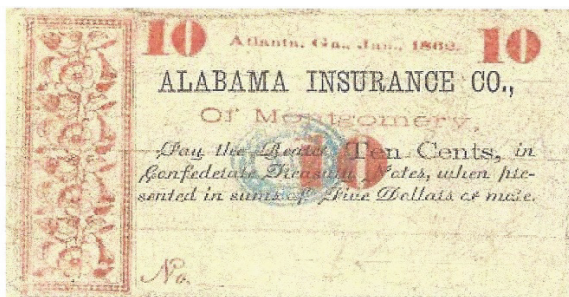
R228-Unl. Flowers Off-Centered. 10c\*



R228-Unl. Fancy Scroll ("X"). 5c, 25c\*



R228-Unl. Two Indians. 5c\*



R228-Unl Flowers Centered. 5c, 10c\*



R228-Unl. Fancy Design Across.  
(Thimble?) 25C\*

\*Anderson and Marsh

Table 3 provides a summary of the fractional issues by listing them by vignette and the denominations that have been discovered showing that vignette. It is certainly possible that a complete set (5 cent to 75 cent) of notes was issued for each vignette similar to the first three listed. The answer to that possibility will have to wait on new discoveries however.

Several conclusions can be drawn from Table A-1. First, all the fractional notes carry the same date, "Jan. 1862" with no specific day mentioned. Second, all the fractional notes carry the blue AIC stamp, generally but not always in the center of the note. Third, based on known notes identified in Table A-1, the 50c and 75c do not have a "protector" in the form of a red numeral overprint, while the 5c, 10c and 25c may or may not have such overprints. Fourth, there is no consistency in the choice of font for the notes in general and for the "of Montgomery" portion in particular.



The order of release of these notes can be inferred from two clues that reside in the “redeemable in” clause on each note. These clues derive from whether they are redeemable in “Currency” or “Confederate Treasury Notes,” and the dollar amount required for redemption. It is my view that the first notes that were issued would have been redeemable in sums of “one dollar or higher” and redeemable in “Currency”. Raising the redemption level from \$1 to \$5 was probably designed to slow the redemption rate as more and more notes were issued and would have allowed the fractionals to circulate for longer periods of time.

The first notes issued were probably redeemed for “Currency,” presumably local private bank notes such as the notes of the Central Bank of Alabama (R231) as well as higher denomination notes of the AIC (\$1, \$2, \$3 and \$5). As more and more Confederate notes were issued, inflation made them a “cheaper” method of redemption than using local currency. “Gresham’s Law,” an economic principle first enunciated as early as the 5<sup>th</sup> century, argues that “bad money drives out good”.<sup>15</sup> In this case, the “bad money” was Confederate notes while the “good money” was local currency such as the notes of the AIC and the Central Bank of Alabama. The “good” money would be hoarded since it would have somewhat greater purchasing power leaving only the “bad” money with which to settle accounts. It seems likely that the first fractional issues released were those redeemable in sums of “one dollar and upwards” and payable in “Currency”.

The fractional notes listed in Table A-1 number 49, but that include 5 notes that Rosene had listed. Since we lack detailed descriptions of Rosene’s notes, it is impossible to know exactly which notes were listed by Rosene. Therefore the assignment of Rosene numbers to specific fractional notes is arbitrary. Since he lists the first note as “Male” and the rest as “Similar to”, I assume that all of his listed notes (#1-#5) are the George Washington vignette. What is known for sure is that there are 44 new fractional notes that were not listed in Rosene. The fonts named in Table A-1 (Times Roman, Algerian and Old English) are to be understood to be approximate descriptions and simply to distinguish the different notes.

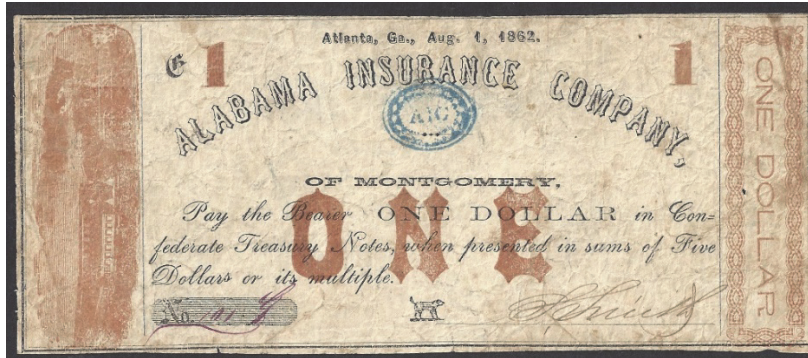
### **The \$1 and Higher Denominations**

The second section of Table A-1 contains a listing of 24 different \$1 and higher denominations notes. Rosene had listed a total of 9 of these notes, leaving 15 new notes. Unlike the fractionals, there is not much uniformity in these issues. The \$1 note has 5 different vignettes with 9 different font or date varieties. The \$2 note has 4 different vignettes, all different from the \$1’s and only 6 different varieties. The \$3 notes have 2 different vignettes and only 4 varieties, while the \$5 note has 4 different vignettes with 5 varieties.

**Table 4: Known \$1 or Higher Denominations by Vignettes**

<u>Vignette</u>	<u>Denominations</u>
“Vignette”	\$1, \$2, \$5
Flag	\$1
Man Watching Race	\$1
Train/3 Cars	\$1, \$5
Justice Standing	\$2
Long Train/Steamboat	\$2, \$5
Mules Pulling Wagon	\$3, \$5

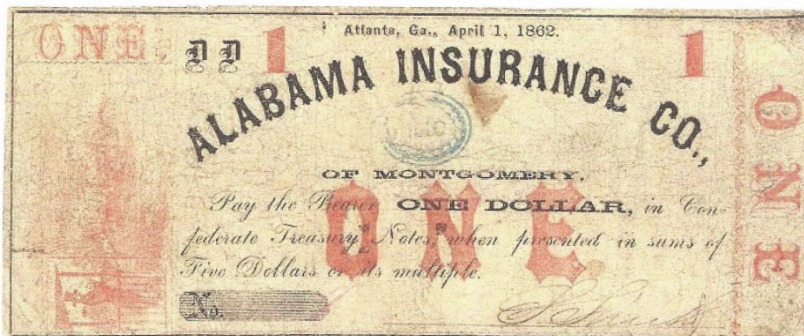
“Sept. 1<sup>st</sup>, 1862” is the latest date shown on any of the \$1 and higher denominated notes and the higher redemption sum required (\$20) probably reflects a large number of \$5 and \$10 notes issued. The notes shown below with an asterisk(\*) are from the Anderson-Marsh web page. Others are from my collection.



R228-Unl. Train/3-Cars. Small Dog. Aug.1, 1862.

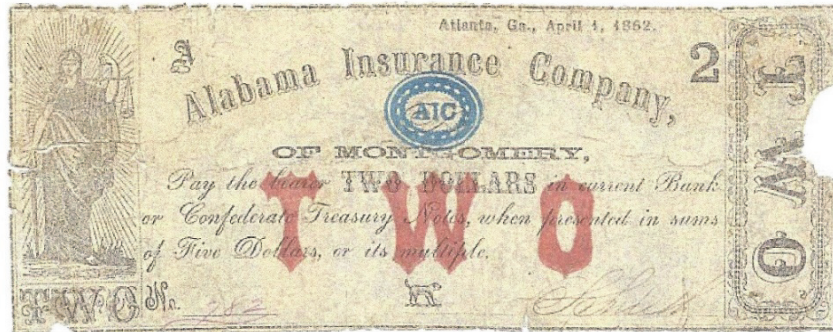


R228-Unl. “Fancy Design”. Key. Sept. 1<sup>st</sup>, 1862.

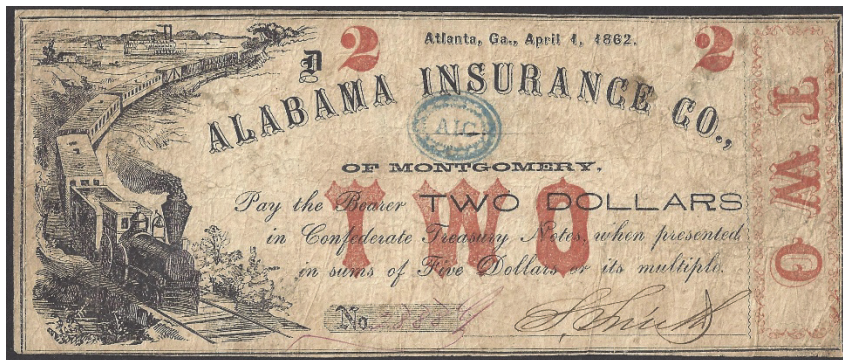


R228-Unl. Man watching Race. April 1, 1862. Red Vignette. Also exists with Black Vignette. R228-Unl.\*





R228-Unl. Justice Standing. April 1, 1862. One black "2". \*



R228-10. Long train/steamboat. April 1, 1862. Two "2s". Same Vignette appears on \$2 with only the right "2". R228-Unl.

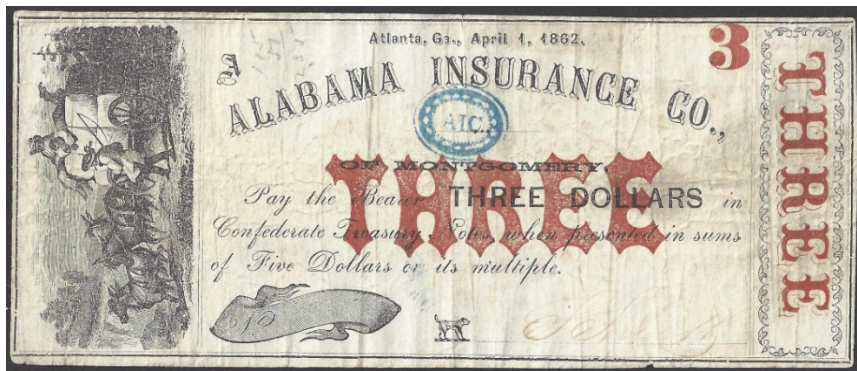


R228-Unl. Fancy Design. Sept. 1<sup>st</sup>. 1862.

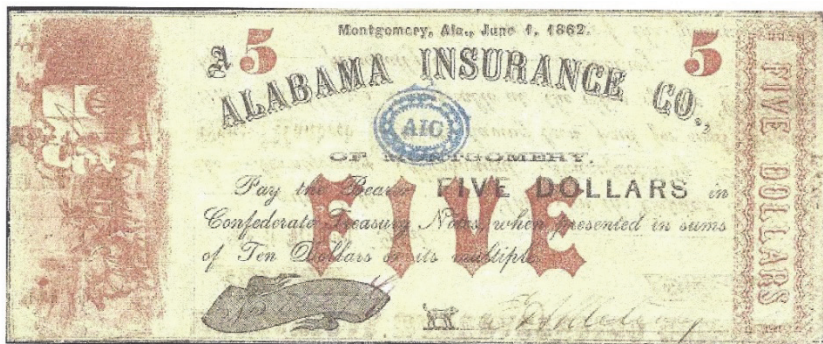


R228-13. Steamboat/dog. Sept. 1<sup>st</sup>, 1862. Red Vignette.

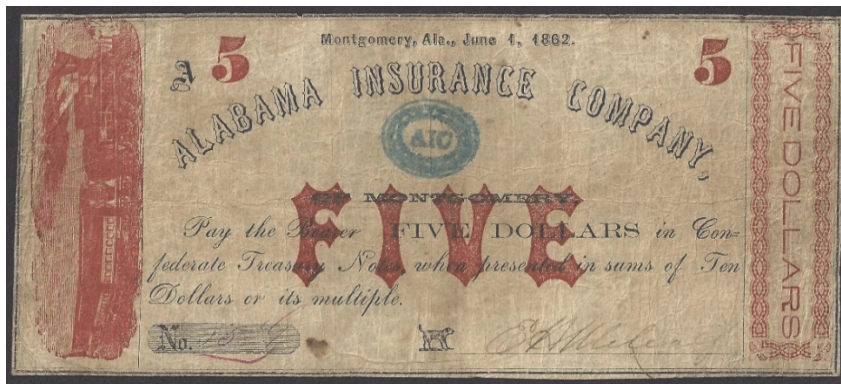




R228-Unl. Mules pulling wagon. April 1, 1862. Only one "3". Black Vignette.



R228-Unl. Mules pulling wagon. June 1, 1862. Red Vignette.\*



R228-Unl. Train/3 cars. June 1, 1862. Small dog. Red Vignette.



R228-Unl. Long train/Steamboat. August 1, 1862. Red Vignette.

All of the higher denominated notes include the day as well as month and year. One of the more interesting characteristics of these notes is that most, but not all, carry the “Atlanta, Ga.” reference on the top center of the note in small print. Some do not carry any reference to a city at the top center (see #64, and 65) and at least one note carries the name of “Montgomery, Ala.” (see line 71) in the location where Atlanta, Ga. often appears. Just what are we to make of these differences? Were the notes printed with Atlanta, Ga. to circulate only in Georgia while the Montgomery, Ala. note was intended to circulate in Alabama? And what do we make of the note with no city designation? Was it designed to circulate in either Georgia or Alabama? Only one note was issued in June of 1862 and that was the note with Montgomery, Ala. on the face. Does this suggest that there was a special need in Alabama in June to produce these notes, perhaps in response to increased demand for redemptions?

There were three distinct dates on which \$1 and higher denominated notes were issued: April 1, June 1, Aug. 1, and Sept. 1. For the sake of keeping track, I will refer to these as Series 1, Series 2, Series 3, and Series 4 issues. Series 1 (April) notes consisted of \$1, \$2, and \$3 and were all redeemable in sums of \$5 or its multiple. Series 2 (June) notes apparently consisted of only one issue, a \$5 note which was redeemable in sums of \$10 or its multiple. Series 3 (August) consisted of a \$1 and \$5 and were also redeemable in sums of \$5 or its multiple. Finally Series 4 (September) consisted of a \$1, \$2 and \$3 and were all redeemable in sums of \$10 or its multiple. It appears that AIC, as a result of issuing more and more notes and thus making them easier to accumulate, was making it more difficult over time to redeem these notes by requiring larger accumulations.

A close examination of the data in Table A-1 allows us to offer a number of conclusions about the issues of the Alabama Insurance Company of Montgomery:

1. All the fractional issues carry the same date – Jan. 1862 (no day is included) and all have “Atlanta, Ga.” top center.
2. Some fractionals are payable in “currency” while others in “Confederate Treasury Notes.”
3. The type-face (fonts) used on notes varies with no apparent consistency either within or across denominations.
4. The use of “protectors” varies across all the fractional denominations.
5. Both “Co.” and “Company” are used on the higher denominations.
6. No notes have appeared without the blue AIC stamp. The stamp was probably an additional form of protection against counterfeiting, although it does not appear that it would have been very difficult to copy the stamp.
7. It appears that there may have been some attempt to issue complete sets of fractional denominations with the same vignette (see Table 3). It would be nice to see some surviving examples of notes missing in these sequences to confirm this theory.
8. In the \$1 and higher denominated notes, three vignettes were used on more than one denomination.
9. None of the notes bear the imprint of a printer’s name.

### **AIC of Montgomery –Atlanta Ga. An Enigma**

Of the dealers and collectors to whom I have spoken, none have a satisfactory answer as to why “Atlanta, Ga.” appears on all the fractional notes and most, but not all, of the higher denomination notes. Why did Rosene not mention the fact that all of the fractional notes and

most of the higher denomination notes contained a reference to Atlanta? Why didn't Rosene list these notes in his section on "Bi-State" notes?

Was "Atlanta, Ga." a reference to the location of the printer as some have suggested? That seems unlikely since a printer's name and location, when they do appear on most obsolete notes, is at the bottom not at the top of the note. Moreover, there is no printer's name to go along with the city name on any AIC notes. Another reason to argue against Atlanta, Ga. as being the location of the printer of AIC notes is the observation that several notes from John Henley & Company, Bankers of Montgomery (R239) have vignettes identical to the Alabama Insurance Company of Montgomery. For example, John Henley's \$1, \$2 and \$3 notes (R239-4, 8 and 9) show the "Train in Oval", the same vignette used on one of AIC's fractional issues and the 50c note of John Henley has the same basic design as most of AIC's fractional notes. It would seem that both John Henley and AIC used the same printer, and there is no mention of Atlanta on any of John Henley notes examined in the Heritage Auctions archives.

Another possibility is that AIC had a branch office in Atlanta, Ga. and the fractional notes were issued in Georgia. This seems equally puzzling since no Georgia enabling legislation could be found in the Legislative Acts of the Georgia General Assembly of 1862, the year of issue of these notes.<sup>16</sup> It is possible that AIC either opened a branch in Georgia before 1862, but did not issue notes until 1862, or operated without a Georgia charter.

If AIC was engaged in business in Georgia and issued these notes in Georgia, Section of their charter suggests that redeeming these notes in Alabama would have been illegal. Here is what that section 10 has to say:

"...make any notes to circulate as bank notes, or to issue any securities to be circulated as money." Section 10 stated that "...and that said insurance company shall not act as the agent of any bank or other company incorporated by, or located in another state, in carrying on the business of bank in this state, and shall not borrow, or obtain from any such bank or company, any bank notes, money, or credits and use the same in this state in lending out the same, or discounting notes, or in dealing in exchange."

The Charter tells us that AIC could not print money or act as an agent for any other insurance company. How then do we explain the fact this company did print notes to circulate as "money" and did apparently act as a bank in issuing "money" in another state?

If the "Atlanta, Ga." reference on the fractional notes reflect a "branch office", how do we reconcile this with the observation that there are NO fractional notes from the "main office", that is "Montgomery, Ala."? One would think that if a branch existed in Georgia, the "main" office in Alabama would have issued fractional notes as well and they would be so marked.

We are left with little factual information that adequately explains the "Atlanta, Ga." reference and so the mystery remains. In the meantime, the Alabama Insurance Company of Montgomery reigns as King of Alabama scrip!



Table A-1 Known Obsolete Notes from the Alabama Insurance Company of Montgomery

Photo Ref.*	Rosene	Den	Vignettes	Date	City	Font	Redemption Requirements	Other	Redemption in	Other Info
1 G005d3	R228-1	5c	George Washington	"Jan. 1862"	Atlanta, Ga.	Old English	"...sums of one dollar or upwards	No Protector	Currency	"of Montgomery" in Times New Roman
2 G005d	R228-Unl.	5c	George Washington	"Jan. 1862"	Atlanta, Ga.	Old English All	"...sums of one dollar or upwards	No Protector	Currency	"of Montgomery" in Old english
3 Gun	R228-Unl.	5c	Two Maids/Wheat	"Jan. 1862"	Atlanta, Ga.	Algerian Open	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" Times New Roman
4 G005a1	R228-Unl.	5c	Two Maids/Wheat	"Jan. 1862"	Atlanta, Ga.	Algerian Open	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Old English
5 Gun,G005c1	R228-Unl.	5c	Train in Oval/2 tracks	"Jan. 1862"	Atlanta, Ga.	Algerian Solid	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Old English
6 Gun,G005c2	R228-Unl.	5c	Train in Oval/2 tracks	"Jan. 1862"	Atlanta, Ga.	Algerian Solid	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Times New Roman
7 G005c3	R228-Unl.	5c	Train in Oval/2 tracks	"Jan. 1862"	Atlanta, Ga.	Old English	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Times New Roman
8 G005b1	R228-Unl.	5c	Bare Breast Maiden	"Jan. 1862"	Atlanta, Ga.	Algerian Solid	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Old English
9 G005b2	R228-Unl.	5c	Bare Breast Maiden	"Jan. 1862"	Atlanta, Ga.	Algerian Solid	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Times New Roman
10 G005f3	R228-Unl.	5c	Fancy Scroll	"Jan. 1862"	Atlanta, Ga.	Old English	"...sums of five dollars or more."	Red "5" Protector	Confed.	"of Montgomery" Times New Roman
11 Gun,G005f2	R228-Unl.	5c	Flowers Centered	"Jan. 1862"	Atlanta, Ga.	Times New Roman	"...sums of five dollars or more."	Red "5" Protector	Confed.	All Times Roman
12 Gun,G005f5	R228-Unl.	5c	Two Indians	"Jan. 1862"	Atlanta, Ga.	Times New Roman	"...sums of five dollars or more."	Red "5" Protector	Confed.	All Times Roman
13 G010d3	R228-2	10c	George Washington	"Jan. 1862"	Atlanta, Ga.	Old English	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" Times New Roman
14 G010d4	R228-Unl.	10c	George Washington	"Jan. 1862"	Atlanta, Ga.	Old English	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Old English
15 Gun,G010b1	R228-Unl.	10c	Bare Breast Maiden	"Jan. 1862"	Atlanta, Ga.	Algerian Solid	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Old English
16 G010b2	R228-Unl.	10c	Bare Breast Maiden	"Jan. 1862"	Atlanta, Ga.	Old English	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" Times New Roman
17 G010C1	R228-Unl.	10c	Train in Oval/2 tracks	"Jan. 1862"	Atlanta, Ga.	Algerian Solid	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Old English
18 G010d2	R228-Unl.	10c	George Washington	"Jan. 1862"	Atlanta, Ga.	Algerian Solid	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Times New Roman
19 G0102b	R228-Unl.	10c	Flowers Centered	"Jan. 1862"	Atlanta, Ga.	Times Roman	"...sums of one dollar or upwards."	No Protector	Currency	Alabama Misspelled (Alarama)
20 Gun	R228-Unl.	10c	Flowers Centered	"Jan. 1862"	Atlanta, Ga.	Times Roman	"...sums of one dollar or upwards."	No Protector	Currency	Alabama Not Misspelled
21 Gun	R228-Unl.	10c	Flowers off center	"Jan. 1862"	Atlanta, Ga.	Times Roman	"...sums of five dollars or more."	"10" in Center	Currency	All Times Roman
22 Gun	R228-Unl.	10c	Flowers off center	"Jan. 1862"	Atlanta, Ga.	Times Roman	"...sums of five dollars or more."	No Protector	Currency	All Times Roman
23 Gun,G010a1	R228-Unl.	10c	Two Maids/Wheat	"Jan. 1862"	Atlanta, Ga.	Algerian Open	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Old English
24 Gun,G010f2	R228-Unl.	10c	Flowers centered	"Jan. 1862"	Atlanta, Ga.	Times Roman	"...sums of five dollars or more."	"10" is Gothic	Confed.	"of Montgomery" in Times New Roman
25 Gun,G010f2	R228-Unl.	10c	Flowers centered	"Jan. 1862"	Atlanta, Ga.	Times Roman	"...sums of five dollars or more."	"10" is Bold	Confed.	"of Montgomery" in Times New Roman
26 G010f1	R228-Unl.	10c	Flowers off center	"Jan. 1862"	Atlanta, Ga.	Times Roman	"...sums of five dollars or more."	"10" is Bold	Confed.	"of Montgomery" in Times New Roman
27 G025b1	R228-Unl.	25c	Bare Breast Maiden	"Jan. 1862"	Atlanta, Ga.	Algerian Solid	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Old English
28 G025b3	R228-Unl.	25c	Bare Breast Maiden	"Jan. 1862"	Atlanta, Ga.	Old English/Solid	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Times New Roman
29 G025b2	R228-Unl.	25c	Bare Breast Maiden	"Jan. 1862"	Atlanta, Ga.	Algerian Solid	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Times New Roman
30 G025d3	R228-3	25c	George Washington	"Jan. 1862"	Atlanta, Ga.	Old English	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Times New Roman
31 G025d4	R228-Unl.	25c	George Washington	"Jan. 1862"	Atlanta, Ga.	Old English	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Old English
32 Gun,G025a1	R228-Unl.	25c	Two Maids/Wheat	"Jan. 1862"	Atlanta, Ga.	Algerian Open	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Old English
33 G025a2	R228-Unl.	25c	Two Maids/Wheat	"Jan. 1862"	Atlanta, Ga.	Algerian Open	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Times New Roman
34 Gun,G025c2	R228-Unl.	25c	Train in Oval/2 tracks	"Jan. 1862"	Atlanta, Ga.	Algerian Solid	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Times New Roman
35 G025c1	R228-Unl.	25c	Train in Oval/2 tracks	"Jan. 1862"	Atlanta, Ga.	Algerian Solid	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Old English
36 Gun,G025f3	R228-Unl.	25c	"Fancy Scroll"	"Jan. 1862"	Atlanta, Ga.	Old English/Open	"...sums of five dollars or more."	Red "25" protector	Confed.	"of Montgomery" in Times New Roman
37 G025f1	R228-Unl.	25c	"Fancy Design Across"	"Jan. 1862"	Atlanta, Ga.	Times Roman	"...sums of five dollars or upwards."	Red "25" Protector	Confed.	All Times Roman
38 G050d4	R228-4	50c	George Washington	"Jan. 1862"	Atlanta, Ga.	Old English	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Old english
39 G050e3	R228-Unl.	50c	Liberty Standing	"Jan. 1862"	Atlanta, Ga.	Old English	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" faded
40 G050c1	R228-Unl.	50c	Train in Oval/2 tracks	"Jan. 1862"	Atlanta, Ga.	Algerian Solid	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Old English
41 G050c2	R228-Unl.	50c	Train in Oval/2 tracks	"Jan. 1862"	Atlanta, Ga.	Algerian Solid	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Times New Roman
42 Gun,G050b1	R228-Unl.	50c	Bare Breast Maiden	"Jan. 1862"	Atlanta, Ga.	Algerian/Solid	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Old English
43 Gun,G050b2	R228-Unl.	50c	Bare Breast Maiden	"Jan. 1862"	Atlanta, Ga.	Algerian Solid	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Times New Roman
44 G050a1	R228-Unl.	50c	Two Maids/Wheat	"Jan. 1862"	Atlanta, Ga.	Algerian Open	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Old English
45 G050a2	R228-Unl.	50c	Two Maids/Wheat	"Jan. 1862"	Atlanta, Ga.	Algerian Open	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Times New Roman
46 Gun,G075d4	R228-5	75c	George Washington	"Jan. 1862"	Atlanta, Ga.	Old English Bold	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Old english
47 Gun,G075a1	R228-Unl.	75c	Two Maids/Wheat	"Jan. 1862"	Atlanta, Ga.	Algerian Open	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Old english
48 Gun,G075c3	R228-Unl.	75c	Train in Oval/2 tracks	"Jan. 1862"	Atlanta, Ga.	Old English Bold	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Times New Roman
49 G075b1	R228-Unl.	75c	Bare Breast Maiden	"Jan. 1862"	Atlanta, Ga.	Algerian skinny	"...sums of one dollar or upwards."	No Protector	Currency	"of Montgomery" in Old english
All \$1 and higher denominations redeemable in Confederate Treasury Notes and have "...of Montgomery" in Times New Roman										
50 No Picture	R228-6	\$1	"Flag"	"April ? 1862"	No information	No information	No information	No information	No information	No information
51 No Picture	R228-7	\$1	"Vignette"	"April 1, 1862"	No information	No information	No information	No information	No information	No information
52 No Picture	R228-8	\$1	"Vignette"	"Sept. 1st, 1862"	No information	No information	No information	No information	No information	No information
53 G1a1	R228-Unl.	\$1	Man watching race	"April 1, 1862"	Atlanta, Ga.	Algerian Solid	"...sums of five dollars or its multiple."	Red "One" Center	Dog.	"Company" Black Vignette
54 G1a2	R228-Unl.	\$1	Man watching race	"April 1, 1862"	Atlanta, Ga.	Algerian Solid	"...sums of five dollars or its multiple."	Red "One" Center	No dog. "Co."	Red Vignette, Double "D" Plate
55 G1a3	R228-Unl.	\$1	Train w/3 cars	"April 1, 1862"	Atlanta, Ga.	Algerian Open	"...sums of five dollars or its multiple."	Red "One" Center	Small dog	Red Vignette
56 Gun,G1c2	R228-Unl.	\$1	Train w/3 cars	"Aug. 1, 1862"	Atlanta, Ga.	Algerian Open	"...sums of five dollars or its multiple."	Red "One" Center	Small dog	Black Vignette
57 G1d1	R228-Unl.	\$1	"Fancy Design"	No date	Atlanta, Ga.	Algerian/solid	"...sums of five dollars or its multiple."	Two red "1s"	Key at bottom	Black Vignette
58 Gun	R228-Unl.	\$1	"Fancy Design"	"Sept. 1, 1862"	Atlanta, Ga.	Algerian/solid	"...sums of five dollars or its multiple."	Two red fancy "1s"	Key at bottom	Red Vignette
59 No Picture	R228-9 and 12	\$2	"Vignette"	"April 1, 1862"	No information	No information	No information	No information	No information	No information
60 G2a3	R228-Unl.	\$2	Justice Standing	"April 1, 1862"	Atlanta, Ga.	Large/small fonts	"...sum of five dollars or its multiple"	One 2, black	"Company"	"of Montgomery" Times Roman
61 Gun,G2a1	R228-10	\$2	Long Train/Steamboat	"April 1, 1862"	Atlanta, Ga.	Algerian Shadow	"...sums of five dollars or is multiple".	Red "Two" center.	Co./Two red "2"	"of Montgomery" Times Roman
62 G2a2	R228-Unl.	\$2	Long Train/Steamboat	"April 1, 1862"	Atlanta, Ga.	Algerian Shadow	"...sums of five dollars or is multiple".	Red "Two" center.	Co./One red "2"	"of Montgomery" Times Roman
63 No Picture	R228-11	\$2	"Vignette"	"Sept. 1, 1862"	No information	No information	No information	No information	No information	No information
64 Gun,G2d1	R228-Unl.	\$2	"Fancy Design"	"Sept. 1, 1862"	No city	Times Roman	"...sums of ten dollars or its multiple."	Two red "2s"	"Company"	"of Montgomery" Times Roman
65 Gun,G3d1	R228-13	\$3	Steamboat/dog	"Sept. 1st, 1862"	No City	Algerian Shadow	"...sums of ten dollars or its multiple."	Red "Three" Center	Dog bottom	Steamboat is left, not right
66 No Picture	R228-14	\$3	Steamboat/dog	"April 4, 1862"	Atlanta, Ga.	Algerian Shadow	"...sums of ten dollars or its multiple."	Red "Three" Center	April 4 error	No information
67 Gun,G3a1	R228-Unl.	\$3	Mules Pulling Wagon	"April 1, 1862"	Atlanta, Ga.	Algerian Shadow	"...sums of five dollars or its multiple."	Red "Three" Center	Dog bottom	Black Vignette
68 G3a2	R228-Unl.	\$3	Mules Pulling Wagon	"April 1, 1862"	Atlanta, Ga.	Algerian Shadow	"...sums of five dollars or its multiple."	Red "Three" Center	Dog bottom	Red Vignette
69 G5b2	R228-15	\$5	Mules Pulling Wagon	"June 1, 1862"	Atlanta, Ga.	Algerian/shadow	"...sums of ten dollars or its multiple"	Two red "5s",dog	Co., curved rib	Serial #/red
70 No Picture	R228-16	\$5	"Vignette"	"April 1, 1862"	Atlanta, Ga.	No information	No information	No information	"Train left"	No information
71 Gun,G5b3	R228-Unl.	\$5	Train w/3 cars	"June 1, 1862"	Montgomery, A	Algerian Open	"...sums of ten dollars or its multiple."	Red "5" R, L	"Company"	Dog
72 Gun	R228-Unl.	\$5	Long Train/Steamboa	"Aug. 1, 1862"	Atlanta, Ga.	Algerian Solid	"...sums of five dollars or its multiple."	Red "Five" center	Co.	
73 G5d1	R228-Unl.	\$5	Long Train/Steamboa	"Sept. 1, 1862"	Atlanta, Ga.	Algerian Solid	"...sums of twenty dollars or its multiple."	Two red "5s" L and Co.		Scales
R228-16 could not be either 71 or 73 since date is wrong.										
*G" refers to Georgia Obsolete Currency, by Carl A. Anderson and David Marsh, no date, downloaded from web site that is no longer active.										

	Rosene	Den	Vignettes	Date	City	Font	Redemption Requirements	Overprints	Other
1	R228-1	5c	George Washington	"Jan. 1862"	Atlanta, Ga.	No information	No information	No information	
2	R228-Unl.	5c	Two Maids/Wheat	"Jan. 1862"	Atlanta, Ga.	Algerian Open	"...sums of one dollar or upwards."	No Protector	
3	R228-Unl.	5c	Train in oval/2 tracks	"Jan. 1862"	Atlanta, Ga.	Algerian Solid	"...sums of one dollar or upwards."	No Protector	
4	R228-Unl.	5c	Flowers/Centered	"Jan. 1862"	Atlanta, Ga.	Time New Roman	"...sums of five dollars or more."	Red "5" Protector	
5	R228-Unl.	5c	Indian??	"Jan. 1862"	Atlanta, Ga.	Time New Roman	"...sums of five dollars or more."	Red "5" Protector	
6	R228-2	10c	George Washington	"Jan. 1862"	Atlanta, Ga.	No information	No information in Rosene		
7	R228-Unl.	10c	Two Maids/Wheat	"Jan. 1862"	Atlanta, Ga.	Algerian Open	"...sums of one dollar or upwards."	No "10" in Center	
8	R228-Unl.	10c	Flowers centered	"Jan. 1862"	Atlanta, Ga.	Times/Roman	"...sums of five dollars or more."	"10" is Gothic	
9	R228-Unl.	10c	Flowers centered	"Jan. 1862"	Atlanta, Ga.	Times/Roman	"...sums of five dollars or more."	"10 is Bold"	
10	R228-Unl.	10c	Flowers off center	"Jan. 1862"	Atlanta, Ga.	Times/Roman	"...sums of five dollars or more."	"10 is Bold"	
11	R228-Unl.	10c	Flowers off center	"Jan. 1862"	Atlanta, Ga.	Times/Roman	"...sums of five dollars or more."	"10 in Center is missing	
12	R228-3	25c	George Washington	missing	Atlanta, Ga.	No information	No information		
13	R228-Unl.	25c	Two Maids/Wheat	"Jan 1862"	Atlanta, Ga.	Algerian Open	"...sums of one dollar or upwards."	No red "25" in center.	
14	R228-Unl.	25c	Train in Oval/2 tracks	"Jan 1862"	Atlanta, Ga.	Algerian Solid	"...sums of one dollar or upwards."	No red "25" in center.	
15	R228-Unl.	25c	Fancy Scroll (AO terms)	"Jan 1862"	Atlanta, Ga.	Old English/Open	"...sums of five dollars or more."	Has Red "25" protector	
16	R228-Unl.	50c	George Washington	"Jan. 1862"	Atlanta, Ga.	No information	No information	No information	
17	R228-Unl.	50c	Female Statue	"Jan. 1862"	Atlanta, Ga.	Algerian Solid	"...sums of one dollar or upwards."	No "50" protector	
18	R228-Unl.	50c	Female Statue	"Jan. 1862"	Atlanta, Ga.	Algerian Skinny	"...sums of one dollar or upwards."	No "50" protector	
19	R228-5	75c	George Washington	"Jan. 1862"	Atlanta, Ga.	Old English Bold	"...sums of one dollar or upwards."	No "75" Protector	
20	R228-Unl.	75c	Two Maids/Wheat	"Jan. 1862"	Atlanta, Ga.	Algerian Open	"...sums of one dollar or upwards."	No "75" Protector	
21	R228-Unl.	75c	Train in oval/2 tracks	"Jan. 1862"	Atlanta, Ga.	Old English Bold	"...sums of one dollar or upwards."	No "75" Protector	
22	R228-6	\$1	Flag	"April 1862"	No information	No information	No information	No information	
23	R228-7	\$1	Vignette	"April 1, 1862"	No City	Solid Letters	"...sums of ten dollars or its multiple."	Red "One" Center	No Key on bottom
24	R228-8	\$1	Vignette	"Sept. 1st, 1862"	No City	Solid Letters	"...sums of ten dollars or its multiple."	Red "One" Center	Small Key on bottom center
25	R228-Unl	\$1	Man watching race	"April 1, 1862"	Atlanta, Ga.	Algerian Solid	"...sums of five dollars or its multiple."	Red "One" Center	"Company" spelled out
26	R228-Unl	\$1	Train w/3 cars	"Aug. 1, 1862"	Atlanta, Ga.	Algerian Open	"...sums of five dollars or its multiple."	Red "One" Center	Small dog at bottom center
27	R228-9 an	\$2	"Vignette"	"April 1, 1862"	No city	Skinny Bold	"...sums of ten dollars or its multiple."	Red "Two" center.	"Company" spelled out
28	R228-10	\$2	Long Train/Steamship	"April 1, 1862"	Atlanta, Ga.	Algerian Shadow	"...sums of five dollars or its multiple."	Red "Two" center.	
29	R228-11	\$2	"Vignette"	"Sept. 1., 1862"	No city	No information	No information	No information	"Company" spelled out
30	R228-14	\$3	Steamship	"April 4, 1862"	Atlanta, Ga.	Algerian Shadow	"...sums of ten dollars or its multiple."	Red "Three" Center	April 4 error; Should be April 1. "Vignette" Steamboat left
31	R228-13	\$3	"Vignette"	Sept. 1st, 1862	Atlanta, Ga.	Algerian Shadow	"...sums of ten dollars or its multiple."	Red "Three" Center	"Vignette"? dog center, steamboat right" Actually steamboat is left, not right
32	R228-Unl.	\$3	Wagon/Slaves	"April 1, 1862"	Atlanta, Ga.	Algerian Shadow	"...sums of five dollars or its multiple."	Red "Three" Center	Dog bottom center
33	R228-Unl.	\$3	Steamship	"Sept. 1st, 1862"	No City	Algerian Shadow	"...sums of five dollars or its multiple."	Red "Three" Center	
34	R228-15	\$5	Mules Pulling Wagon	"Sept. 1st, 1862"	Atlanta, Ga.	No information	No information	No information	
35	R228-16	\$5	"Vignette", train left	"April 1, 1862"	Atlanta, Ga.	No information	No information	No information	Rosene description only says train left, April date.
36	R228-Unl.	\$5	Train w/3 cars	"June 1, 1862"	Montgomery, Al.	Algerian Open	"...sums of ten dollars or its multiple."	Red "Five" center	"Company" spelled out
37	R228-Unl.	\$5	Long Train/Steamship	Aug. 1, 1862	Atlanta, Ga.	Algerian Solid	"...sums of five dollars or its multiple."	Red "Five" center	

## Footnotes

<sup>1</sup>Walter Rosene, Jr. **Alabama Obsolete Notes and Scrip** (Society of Paper Money Collectors: 1984).

<sup>2</sup>Bill Gunther, "Known Alabama Obsolete Notes tops 1,000 with New Discoveries," **Paper Money** (May-June, 2014, pp. 178-184).

<sup>3</sup>Act 121, Acts of the Called Session, 1862, General Assembly of Alabama, Alabama Department of Archives and History.

<sup>4</sup>Personal correspondence with Sharon Ann Murphy, author of **Investing in Life: Insurance in Antebellum America** (Baltimore: Johns Hopkins Press 2010), September 26, 2013. "...in my opinion they were merely using the insurance company corporate structure as a means of issuing scrip. ...Many of these laws were written loosely enough that insurance companies could function as banks (i.e., issue money)."

<sup>5</sup>Estimates are made using the Consumer Price Index. See <http://www.davemanuel.com/inflation-calculator.php>

<sup>6</sup>Before the war (about 1850) it was estimated that slaves who worked the fields were worth approximately \$1,000-\$1,200 each and domestic slaves were valued at \$500-\$600 each. See "Dixie", **Harpers New Monthly Magazine**, 1864, p. 232.

<sup>7</sup>For a discussion of Moral Hazard see [www.investopedia.com/terms/m/moralhazard.asp](http://www.investopedia.com/terms/m/moralhazard.asp). See also Sharon Ann Murphy, **Investing in Life: Insurance in Antebellum America** (Baltimore: Johns Hopkins Press, 2010), p.188.

<sup>8</sup>See "1837: The Hard Times", Bubbles, Panics & Crashes – Harvard Business School, available on-line at [www.library.hbs.edu/hc/crises/1837.html](http://www.library.hbs.edu/hc/crises/1837.html).

<sup>9</sup>Sharon Ann Murphy, p. 301.

<sup>10</sup><http://www.nytimes.com/1864/07/17/news/law-reports-important-decision-non-intercourse-acts-what-proceeding-rebel-port.html>

<sup>11</sup>See "Burning of the Crenshaw Woolen Mills and Tredegar Iron Works in Richmond," The Charleston Mercury, May 19, 1863. <http://www.cw-chronicles.com/blog/burning-of-the-crenshaw-woolen-mills-and-tredegar-iron-works-in-richmond/>. Thanks to Greg Ton for bringing this to my attention.

<sup>12</sup>Carl A. Anderson & David Marsh, "Georgia Obsolete Currency," downloaded from the web, no date. David Marsh passed away in 2014 and attempts to contact Carl Anderson have been unsuccessful.

<sup>13</sup>For reasons that are unclear, that web site is no longer active and I must thank fellow SPMC member Charles Derby for bring this resource to my attention.

<sup>14</sup>See HA.com, Archives. Auction from January 11, 2010, Lot 16077.

<sup>15</sup>See "Gresham's Law" at <http://www.britannica.com/EBchecked/topic/245850/Greshams-law>

<sup>16</sup>Acts of the General Assembly of the State of Georgia, November and December 1862, Milledgeville, 1863. Accessed through [www.georgiaarchives.com](http://www.georgiaarchives.com).

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## The Paper Column

# King City, Missouri, Blood Money

by Peter Huntoon

If you own a high grade Series of 1882 brown back or 1902 date back note from The First National Bank of King City, Missouri, you owe a debt of gratitude to a reclusive hoarder named Mary Hammer for preserving it for you. She paid the ultimate price for her contribution to your collection; she was murdered for it in January 1949.



Figure 1. The great gift of the Hammer hoard was \$5 Series of 1882 brown backs issued by The First National Bank of King City. Many of these were saved in uncirculated condition by Miss Hammer. There was no shortage of \$10 brown backs from the bank either, and although \$20s are mentioned in court records, only one \$20 brown back is reported from the bank that may or may not be from the hoard. Photo courtesy of Heritage Auction archives.

King City lies 25 miles northeast of St. Joseph, Missouri. The town of Stanberry, which is where much of the story played out, is another 9 miles north of King City. Both towns are in Gentry County, the county seat being Albany northeast of King City.

I am not going to write the detective story explaining how this case unfolded. That job was done by George Beltz (1950) partway through the prosecution of the crime. Ultimately seven people were convicted of involvement in the crime, two for the murder of the poor woman.

What I will do is tell you as best I can what happened based on extensive reporting in The Stanberry Headlight on April 7, 1950, immediately on the heels of confessions by one of the murders and two others involved in a subsequent theft of money from Miss Hammer's house. The tale is fleshed out with statements from Beltz' article and subsequent court records.

Understand at the outset that two of the principals raided Miss Hammer's home, killed her and stole some of the money in the hoard. The primary architect of the crime then returned with two different friends to ransack the place because he had left money behind. The date of the ransacking and even the number of times they returned are a bit uncertain, but it is likely those thefts occurred after Miss Hammer's body was discovered. On this point the confessions elicited from the two new participants became self-serving because one wanted to lay blame off

on the others and both wanted to shield themselves from being accessories to the murder.

Mary Hammer's situation was profiled in as follows (State vs Emrich, Jul 14, 1952).

Mary Hammer, a single person, 82 years of age, lived alone on her 400 acre farm in Gentry County, three miles south of Island City and seven miles south of Stanberry. She was badly crippled by rheumatism and, since about 1941, had walked with difficulty, using a crutch and a cane. During the winter she usually sat in the kitchen of her home, close to the stove, with her overshoes on and her cane and crutch within reach. She paid her bills in cash from a place within reach of her chair, or from containers on the kitchen shelves. She had a few cattle on the farm and she fed them hay from a barn close to the house. She was last seen alive on January 18, 1949, and immediately prior to a six inch snow, which began that day and was followed by several days of sub-zero weather.

State vs. Emrich (Mar 12, 1951) adds texture to her lot in life.

The deceased Mary Hammer was a recluse 82 years old, who lived alone in squalor mostly in the kitchen of her isolated farm house over six miles southwest of Stanberry, in Gentry County. In the winter she wore her outdoor clothing in the inadequately heated kitchen, and because she was a cripple had her cane and crutch near at hand.

Her younger sister Lizzy lived on a farm of about the same size two and a half miles away. Several nephews lived in the vicinity.

According to State vs. Emrich (Jul 14, 1952), Elsie Emrich, about 40 or 41 at the time, was talking with her son Harold, who went by the nickname Hoover, and a neighbor Freddie McQuinn at the B. and C. Café in Stanberry during the afternoon of January 18th, a Tuesday. Hoover brought up the idea that there was a lot of scrap iron on Miss Hammer's farm and it would be great if there was someone who could go with him to get it.

Mrs. Emrich chimed in that Miss Hammer had a lot of cattle and a lot of money down there. She suggested that if Hoover and Freddie went to look for old iron, they also should look for the money.

Hoover was 18 year old at the time; Freddie 34. Freddie was retarded with the developmental attainment of a boy. For five years he lived across the alley from Elsie Emrich and her children, and he visited her "home often and kept company with her."

The following emerges upon synthesizing pieces of the story in The Stanberry Headlight (Apr 7, 1950) and State vs. Emrich (Jul 14, 1952). Two days after Elsie suggested they should look for money, Hoover and Freddie set off on Thursday January 20th hitchhiking and walking to have a look at Ms. Hammer's farm. Freddie claims Hoover knocked on the door and when Miss Hammer opened it, Hoover knocked her to the floor. They demanded to know the whereabouts of her money. While begging for her safety she directed them to containers under the bed in the bedroom. The two retrieved three 1-gallon syrup buckets and took them back into the kitchen.

Hoover picked up Miss Hammer's crutch, struck her three times on the head then jabbed her a couple of times in the chest with it rendering her unconscious. It is uncertain that this killed her. They next carried her out to her barn near a manger and put some hay on top of her. Then Freddie broke her crutch and scattered the pieces of it on the hay so that it would look as if the cattle had trampled her. They left the barn door open.

They then returned to the kitchen, where they opened the three gallon buckets of money. Both stuffed their pockets. "Some of it was loose and some was tied up with string. Some of it looked like new bills, but some of it was old paper money, some bills were of large size and yellow. There also were some gold coins, pennies and silver dollars" (State vs. Emrich, Jul 14, 1952).

Dusk was falling so they walked east toward the highway where they caught a ride back to Stanberry. The sub-zero temperatures finished Miss Hammer off if she was not already dead. On reaching Stanberry, they first visited a pool hall and then headed toward their homes. Along the way, Freddie gave most of the money he had to Hoover to pass on to his mother, which Hoover did.



Figure 2. Harold "Hoover" Emrich, left, and Freddie McQuinn were convicted of murdering 82-year old Mary Hammer in 1949 for her hoard of currency. Photos from Beltz (1950).

Miss Hammer's frozen body was discovered on the afternoon of Saturday January 22, 1949 (Stanberry Headlight, Jan 27, 1949). A young neighbor had gone to talk to her about renting some pasture. When he arrived the south facing kitchen door was open and snow was on the floor. He went to the hen house and barn but could not find her. Concluding something was amiss, he returned with his father, mother, two siblings and the deceased's sister Lizzie. They discovered Miss Hammer's body near a manger in the barn lying on a ladder and covered with hay and pieces of her crutch. One of her galoshes containing a shoe was off and covered with hay. The cane and mittens she ordinarily used were found in her house.



Figure 3. Sheriff Everett Bowman was the principal law enforcement officer who pulled the Hammer murder case together. Photo from Beltz (1950).

Gentry County Sheriff Everett Bowman and County Coroner Dr. C. N. Williamson of Albany were summoned. The Coroner concluded that Miss Hammer had come out to feed the cattle, had a heart attack and fell over. Lizzie, though, pointed out that her sister never fed the cattle in the barn, but instead dragged bales of hay out into the barnyard. Bowman was unsettled, pointing out that cattle did not trample human bodies unless stampeded.

Lizzie and a nephew sealed the house the next day by nailing the windows and doors closed.

On Monday, January 24th, Hoover Emrich gathered up a friend Tommy Beal, age 23, and together they collected a



third friend, Columbus McCrary, at the latter's home in Stanberry. McCrary, 36, married with three children, was the son of a carpenter who occasionally employed Freddie McQuinn and his father. Hoover and Beal talked McCrary into driving south on the pretext of hunting rabbits and the conversation drifted to the old women who had died. Soon they were ransacking her house. They returned to the Stanberry city dump where they split up some \$4,000.

The next day, Tuesday the 25th, they left for drinking spree in St. Joseph with a stop to visit Hoover's mother who worked at a restaurant there. Two bartenders would not take the large size notes from the hoard, but finally Beal found a compliant one who cashed a \$20. McCrary split from the others and stayed overnight at a rooming house.

The next morning McCrary found a barkeeper name Eli Bodine who cashed two large \$5s for him, keeping \$5 for his bother. Shortly thereafter the St. Joseph police took McCrary in for questioning. According to Beltz (1950), St. Joseph Chief John Lard called Sheriff Bowman asking if he might know anything about old money from King City floating around because McCrary's notes were issued by The First National there. Bowman went to St. Joseph where he helped question McCrary. McCrary was released Thursday, the 27th, after he claimed he found the notes at the King City dump.

McCrary developed serious misgivings about the theft so he threw the can containing his share of the loot out of the car near the Frank Morris farm on his way back to Stanberry.

He reconnected with Hoover on Sunday, the 30th, who told him Beal had found a man in Council Bluffs, Iowa, who would cash the money for them. They went back to the Morris farm, retrieved the can and Hoover took all the money. That was the last that McCrary saw of money from the hoard.

In the meantime, one of Lizzie Hammer's nephews discovered that someone had broken into Miss Hammer's house. Still later Lizzie and the nephew realized that the place had been thoroughly ransacked. This is consistent with Beal's confession that Hoover, McCrary and he went to the house on the 24th, found nothing, then returned on the morning of the 25th when he found a bucket upstairs that was filled with \$3,700. According to him, it was after this that they split the money up.

No one suspected robbery when Miss Hammer's body was found, but in short order Sheriff Bowman started to connect the dots. McCrary's old notes in St. Joseph appear to have been the first.

The day after Bowman participated in the interview of McCrary, he started calling bank cashiers in the vicinity to learn if any had seen old money lately. His persistence finally bore fruit when he called the cashier at the Farmers State Bank at Stanberry. Bowman investigated, producing this jewel that appeared in *State vs Emrich* (July 14, 1952).

On January 24, 1949, Arden Swinford was walking in the street in Stanberry, there was quite a bit of snow and, as he passed the intersection between the Duffy corner and the southeast corner of the block where [the Emrich's] lived, he found a \$5 bill of old type, dated in 1882. On the same date, but on the sidewalk near Duffy's apartments, one half block east of [the Emrich's] home, Alvin Stuart found two \$20 bills, a five and a ten, all folded together, and 20 or 30 feet on east he found another \$20 bill on the sidewalk. He cashed them at the Farmers State Bank at Stanberry, delivering them to Mr. Frederick, the banker. One bill was dated June 29, 1910. Ralph Frederick, the banker, a witness for the state, identified two of the bills that had been presented to him by Mr. Stuart.

The plate date on Series of 1902 notes issued by The First National Bank of King City is June 29, 1910. Beltz (1950) fleshed out the story by advising that Swinford's \$5 was issued by The Fort Dearborn National Bank of Chicago, whereas all of Stuart's notes were from The First National Bank of King City.

Secret Service agent James L. Lewis from Kansas City arrived in Stanberry on March 29th bearing a report from the Omaha office of the Secret Service that nine gold certificates had been redeemed at the Omaha branch of the Federal Reserve Bank of Kansas City that had been traced to Beal and Hoover. Upon learning this, Deputy Marshal D. M. Pierce in Stanberry summoned Sheriff Bowman from Albany, the county seat.

Beltz (1950) embellished the newspaper account by claiming that The Federal Reserve Branch at Omaha had been receiving unusually large numbers of large size notes, most issued by The First National Bank of King City, but others as well including the gold certificates. Both those at the bank and Lewis' curiosity were piqued because the notes were coming in from all over the region served by the bank and that they totaled \$4,000. Clearly someone was parsing out a hoard instead of redeeming it at once, which looked suspicious.

Bowman now concluded that indeed there was a connection between Miss Hammer's death and the sudden appearance of the large size notes. McCrary was brought in for questioning that same day. After being confronted with barkeeper Eli Bodine, who had cashed the two large \$5s for him in St. Joseph, McCrary admitted to ransacking the house with Hoover and Beal. Beal was picked up in Hastings, Nebraska, the next day whereupon Bowman and a deputy drove over and returned him to Albany. Beal also talked.

The pattern that emerged, aside from a few instances where the actual thieves passed notes from the hoard, was that most of the money had been split into small lots and brokered to compliant acquaintances who redeemed it for current notes in banks around the region for about a one-third cut.

Anecdotes such as the following from State vs Emrich (Mar 12, 1951) were forthcoming.

Harwood McKain, an employee in a tavern in Council Bluffs, Iowa, testified that late in January and early in February, 1949, [Hoover] Emrich and a man called Tommy [Beal] had him exchange some old style large size paper currency for newer smaller bills at the Federal Reserve Bank in Omaha. The bank records showed that \$610 in old bills, \$180 of them being retired gold certificates, were cashed on or about February 2. On another occasion witness McKain cashed \$1500 in old bills for [Hoover] and Tommy retained \$500 for his trouble. [Hoover] was questioned by the Council Bluffs police on January 27, 1949, and denied having any old money. Registration cards of the Ogden Hotel in Council Bluffs were introduced without objection showing he was there on January 27, 28 and 30.

A Mr. and Mrs. Charles Sweat, who operated a gasoline service station in Gentry County testified that on March 19, about two months after Mary Hammer's death, [Hoover] and McQuinn bought two automobile tires from them without inquiry as to the price, and when [Hoover] paid for them he pulled from his pocket a handful of tarnished silver dollars two of which were dated 1881 and one 1900.

McKain was the fellow in Council Bluffs who Hoover told McCrary would exchange money for them after he and McCrary retrieved McCrary's loot from along the road near the Morris farm. The \$180 in gold notes McKain redeemed at the Omaha Federal Reserve Branch were the nine gold notes that had set in motion Agent Lewis' investigation of Beal and Hoover.

Very revealing was that David Hammer and three brothers - nephews of Miss Hammer - made a thorough search of Miss Hammer's home on or about April 3 at the request of Sheriff Bowman and found \$142 in some cans. There were seven \$20 bills, one a large size. Here was proof positive that Miss Hammer was a hoarder and large size notes were in her house and her hoard.

The authorities were rolling up the case and ensnaring the culprits, but only on the larceny charge. Sheriff Bowman knew that to tie them to the murder, he had to find evidence that some of the money was spent prior to the discovery of Miss Hammer's body. Otherwise the defense of the thieves would turn on the idea that they learned of her death and opportunistically ransacked the house later.

Beltz' (1950) claimed it was Bowman who cinched the murder case. He located a bartender in St. Joseph who took in a large size \$10 on Friday night, January 21st, the day after the murder but before the discovery of Miss Hammer's body. He even kept the note as a souvenir and stated that Freddie McQuinn had spent it.

When rounded up and confronted on April 5, 1950, McQuinn disgorged the details of the murder as recounted above. Even though he had diminished mental capability, the jury found his testimony to be compelling so he took Hoover Emrich down at Hoover's trial.

Hoover Emrich and Freddie McQuinn received 15-year sentences in separate trials. Mother Elsie Emrich got 7 years (Southeast Missourian, Dec 30, 1950). Four others, Hoover's brother Earl, Columbus McCrary, Tommy Beal and Raymond Petty got off with lighter sentences. I never learned Petty's role in the affair.

Miss Hammer's sister Lizzie was surprised to learn of the money, because she thought her sister kept her money in the bank. She speculated that it may have been amassed by their brother Lewis before he died.

The character of the hoard can be deduced in broad terms beyond the snippets in the official records of the case. It is clear that the stolen notes were widely disbursed. Many made their way to Federal Reserve banks where they were redeemed. Others were saved as curios by people or even bankers who received them. The amount in the hoard is uncertain. Court records range from \$6,000 to \$12,000, but both have to be understated because the money was spread around so quickly.



Figure 4. The Hammer hoard also was rich in uncirculated \$10 and \$20 Series of 1902 date backs from The First National Bank of King City. Photo courtesy of Heritage Auction archives.



What we do know is that a good percentage of the notes were Series of 1882 brown backs and Series of 1902 date backs from The First National Bank of King City. Those notes have been turning up in the numismatic market for decades. Thanks to this hoard, these earlier notes from the bank are hugely over represented for a bank of its size. The bank was liquidated in 1924 when it had a circulation of \$100,000.

The 71 King City notes reported in the census maintained by the National Currency Foundation - not all from the hoard - reveal that the hoard contained consecutive runs of uncirculated notes directly from the King City bank because notes from tightly knit runs of serial numbers survive. Most notable are 1882 brown back \$5s with treasury serials in the T2861....T to T2863....T range and \$10s in the V6162....V and V6165....V ranges. There are Series of 1902 date back \$10s in the V556..... and V5787.... ranges and \$20s in the A2579....B range as well.

It is obvious that her hoard included cut sheets of brown backs and possibly 1902 date backs. The high grade King City notes date from 1907-1914 so the hoard was amassed at least during that period.

Of course, the King City notes comprised just a fraction of the whole. There were plenty of circulated notes in the hoard, both national and non-national. Those now in collections bear no hint as to their provenance from the hoard.

Once stolen, the notes received rough handling. Even so, most of the King City notes came down to us in remarkable condition. It is certain that many of the King City notes disbursed from the hoard haven't been recorded in the census.

The hoard contained at least 600 to 750 notes using the \$6,000 low-end estimate for its size. If you contemplate the \$12,000 figure also mentioned in the court records, there is a lot of room to dream about many more notes, most of which were redeemed at face. It was the 1950s, and that stuff wasn't worth anything then!

### **Acknowledgment**

Daryl Crotts brought this sad story to my attention and did the leg work decades ago of rounding up the documents that laid it out.

### **Sources Cited**

Beltz, George, Mar 1950, Who'd throw money away?: Inside Detective, Toronto, Ontario, Canada, p. 40-45.

Stanberry Headlight, Jan 27, 1949, Aged woman is found dead.

Stanberry Headlight, Apr 7, 1949, Admits his part in Mary Hammer murder & Believed sister was murdered.

State v. Emrich [Elsie], Jul 14, 1952, Supreme Court of Missouri, 250 S.W.2d 718, docket no. 42509: <https://www.courtlistener.com/mo/a6W9/state-v-emrich/>

State v. Emrich [Harold aka Hoover], Mar 12, 1951, Supreme Court of Missouri, Division No. 2., 237 S.W.2d 169, docket no. 42226: <http://law.justia.com/cases/missouri/supreme-court/1951/42226-0.html>

Southeast Missourian, Dec 30, 1950, Stanberry woman is convicted of robbery: p. 9.

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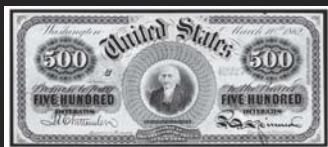
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# MANY YUGOSLAVIAN NOTES REFLECT EXTREME INFLATION

by Carlson R. Chambliss

Yugoslavia emerged from World War II with a unified Communist government under Josef Broz Tito (1892-1980) after having suffered a brutal Axis occupation and a savage civil war. The first issue of notes of the new government were denominated in the dinar (plural dinara), and several different currency conversions were needed to remove from circulation the numerous monetary issues that had been in use in the different parts of divided Yugoslavia prior to that time. These included German reichmarks, Italian lire, Bulgarian leva, kuna of the fascist Croatian state, dinara of occupied Serbia, and several series of notes issued by the Yugoslavian Partisans. The various designs were frequently changed, but in 1955 a new set of notes ranging from 100 to 5,000 dinara (about 32 cents to \$16 at that time) was issued using designs that were to last for several decades. At this time Yugoslavia had good relations with both eastern and western countries, and its dinar, although not a strong currency, maintained a degree of stability. At the beginning of 1966 Yugoslavia undertook a 100 to 1 conversion that was quite similar to those carried out by France in 1960 or by Finland in 1963. The basic face designs of 1955 were continued, but a 100 (new) dinara note dated August 1, 1965 was issued at this time. At the time of the conversion the exchange rate was 12.5 (new) dinara to the US dollar. There was some modest inflation, but there was no black market of the type that functioned in all of the Soviet-bloc countries. In 1970 a note for 500 dinara were added to the series. This item depicts a statue of Nikola Tesla (1856–1943), the famous electrical engineer whose career was largely spent in the United States, while the 100 d depicts a Peace statue by Augustincic. Oddly enough both of these art works are located in the United States, the Tesla statue at Niagara Falls and the Peace statue at the United Nations headquarters in New York. In 1974, notes for 20 and 1,000 dinara were issued that were very much in the style of the 10 d to 500 d notes that were in circulation at that time. The exchange value of the latter at that time was about \$25.

President Tito died in 1980, but cracks in his system of a federal state in Yugoslavia soon began to appear. Yugoslavia, which means Land of the South Slavs, was put together after World War I as the Kingdom of the Serbs, Croats, and Slovenes. Despite their common language (differences between the Croatian, Serbian, and Bosnian forms of Serbo-Croatian are minimal), the Serbs and Croats have had separate histories and view themselves as separate nations. For several centuries Serbia was under Ottoman rule, while Croatia (Hrvatska) was under Austrian rule. Bosnia was also under Ottoman rule for about four centuries, and during that time many of the local population there converted to Islam, although they continued to speak their local form of Serbo-Croatian. The prewar kingdom (1918-41) was plagued by bad relations between the Serbs and Croats, and after the German intervention a brutal fascist state was set up in Croatia under the control of Ante Pavelich (1889-1959) and his Ustasha Party. Tito and his partisans eventually defeated the Axis occupiers, the Ustashe, and various factions of Serbian nationalists. Perhaps the great tragedy of Yugoslavia was that Tito didn't have another 50 years of rule (impossible, of course, because had this occurred he would have been 138 years of age at the end of his life). Differences between the various Yugoslav nationalities were becoming steadily less pronounced during the 1950s, 1960s, and 1970s, but once the central government in Belgrade began to weaken the old animosities once more arose. During the decade between the death of Tito in 1980 and the final breakup of the country in 1990 Yugoslavia was ruled by a series of progressively weaker central governments. Under Tito the country was termed the Socialist Federal Republic of Yugoslavia, but by the mid- 1980s it was much more like a loose confederation than a federal state. Eventually the most prominent figure to emerge was Slobodan Miloshevic (1941-2006), a former minor Communist Party official who transformed himself into an extreme Serbian nationalist. He came to prominence in 1987 when he fiercely defended Serbia's right to rule Kosovo, that region of the Serbian Republic that was prominently Albanian in ethnic composition. In 1989 he became president of Yugoslavia, but his idea of Serbian domination for most of

the nation was unacceptable in Slovenia, Croatia, Bosnia, and Macedonia, and these republics all shortly declared their independence from the central government in Belgrade.

Let us now return to Yugoslavia's monetary problems. It is never easy to say just when hyperinflation begins in a country, but a measure often used by economists is when the cost of living doubles in a single year and continues at that rate or higher for the next few years that follow. In the case of Yugoslavia that initial year would have been 1985, although immensely greater inflation was to take place a few years later. This also was the year in which a new note design came into use. A 5,000 dinara



A 5,000 dinara note portraying President Tito was issued in 1985 and is the only issued Yugoslavian note to depict Tito. Also a 1,000 dinara note depicting Nikola Tesla, the well-known electrical engineer and inventor. Tesla appears on numerous Yugoslavian notes. This note was issued late in 1990 after a 10,000 to 1 conversion that took place in that year, so its face value is 10 million of the dinara of 1966. Both of these notes feature the Communist arms of the federal state. (WPMC nos. 93 and 107)

note depicting Tito was issued at a time when the exchange rate was about 300 to the dollar. This note now sells for well under its initial face value, but there is one fairly scarce error variety that states the year of Tito's death as 1930 instead of the correct 1980. In 1987, 1988, and 1989 new notes were issued for 20,000, 50,000, and 100,000 dinara, respectively. It would have been logical for a 10,000 dinara note to be issued in 1986, but no such item was ever produced. Late in 1989 notes for 500,000, 1 million, and 2 million dinara were added to the series. Although notes for 100 and 500 dinara of the old types were issued as late as 1986 and notes with earlier dates for 50 and 1,000 dinara continued to circulate, by 1989 notes for such low values had become effectively worthless or nearly so and hyperinflation was clearly fully underway.

On January 1, 1990 the national bank made the first of the so-called "reforms" of its inflated currency. The new dinar was worth 10,000 of the older dinara of 1966-89. Thus there were now officially 10.86 of these units to the dollar rather than 108,600 of the previous ones. In actual fact, however, by this time there was an active parallel market on which hard currencies could be exchanged for substantially more of the local funds. Several of the notes of 1990 including the 10, 50, 100, and 200 dinara values closely resemble their 1989 counterparts that were of the 100,000 to 2,000,000 dinara denominations. The 1990 issues included as well notes for 500 and 1,000 (new) dinara and in 1991 a 5,000 dinara note portraying the author Ivo Andric (1892-1975), who was awarded a Nobel Prize in literature in 1961. In 1991 a new series of notes in the same designs but in different colors were added. These were the last notes to bear the Communist emblem on their faces and the last to be inscribed in four languages on their backs. The 1991 issue was to include notes for 10 and 50 dinara that were never issued due to the fact that the raging inflation would have made them nearly worthless.

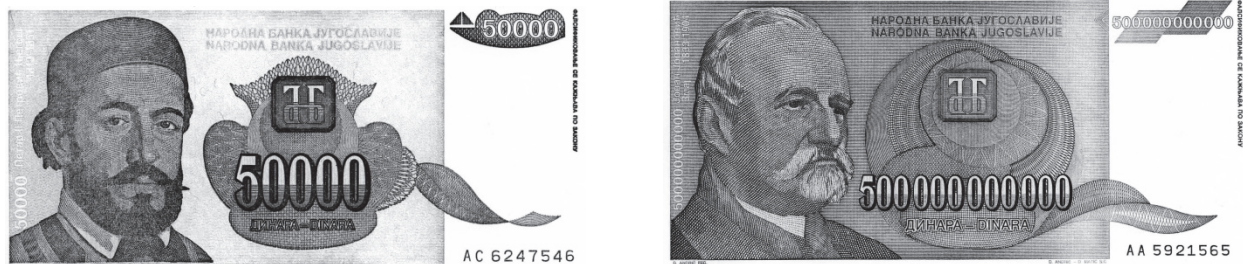
The currency reform of 1990 lasted only 18 months, and on July 1, 1992 there was another "reform" of the system. One dinar of 1992 was exchanged for ten dinara of 1990 or 1991. The new notes closely resemble the older ones, but there are two significant differences. The notes of 1992 bear a monogram of the Narodna Banka (National Bank) rather than that of the Communist state. On the backs these notes are inscribed only in Serbian both in Cyrillic and Roman letters. One difference between Serbian and Croatian is that the word for "thousand" in the former is the Greek-derived "hiljada" rather than the Slavonic "tisucha" used in the latter. Thus these notes acknowledge the breakup of Yugoslavia, and they were used officially only in Serbia proper, Montenegro (Tserna Gora), and Kosovo. They also circulated in the Serbian-controlled regions of Bosnia and of Croatia (the so-called Krajina region).

The currency reform of 1992 lasted only 15 months or until October 1, 1993. This was a period of extreme inflation for the truncated Yugoslavia, and the denominations of the notes range from 100 d to 10 billion dinara. There were 16 different denominations, and these are dated either 1992 or 1993. All notes of this issue can be readily distinguished from later issues since they feature a watermark of the person depicted on the note in question. The later issues feature a cross-hatch pattern in the watermark. When this particular dinar was abolished in October, 1993 the official exchange rate was 104 million to the dollar, but the effective exchange rate was far higher. Even at the official rates an inflation of 500,000 to 1 is implied over the 15 months that this unit was in use. This is equivalent to an inflation rate of 140% for each month that this currency unit was in use.

On October 1, 1993 yet another currency “reform” exchanged one new dinar for one million of the dinara that were introduced in 1992. This unit lasted only three months, but it was the period during which the Yugoslav hyperinflation was at its maximum. There were a total of ten notes in this sequence, and their values range from 5,000 d to 500 billion dinara. The zeros on these notes are not separated by



A 100,000 and a 100 million dinara note that were issued in 1993. These notes feature the monogram of the National Bank rather than the Communist arms, and their backs are printed in Serbian only rather than in four languages. They are also printed by lithography rather than by intaglio, as were the former notes. (WPMC nos. 118 and 124)



A 50,000 and a 500 billion dinara note valued in the “reform” dinara of October, 1993. These notes were printed only a few months apart during the raging hyperinflation that was ongoing during that year. The latter note features more zeroes any other note ever issued up until that time, but Zimbabwe has had some notes with even larger numbers of zeroes that were printed at the beginning of 2009. The notes depicted here feature a cross-hatch watermark pattern rather than a watermark of the individual portrayed that was the previous custom. (WPMC nos. 130 and 137)

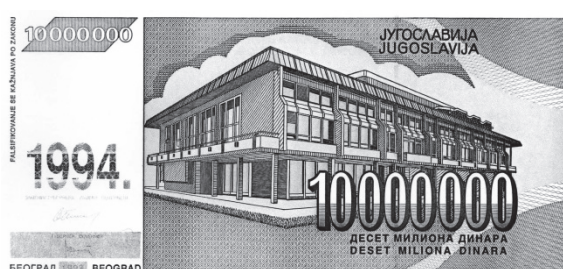
commas or periods, but the denominations are clearly written out in Serbian on their backs. As has been noted, these notes can be readily distinguished from earlier ones by their watermarks depicting a cross-hatch pattern. In addition to Nikola Tesla the persons portrayed on these notes are various Serbs who lived mostly in the 19<sup>th</sup> century. The high value of this series is popular with collectors, since it displayed more zeros than any other note ever printed by any country. This statement is no longer true, however, due to the issuance of 10, 20, 50, and 100 trillion dollar notes by Zimbabwe in 2009.

On January 1, 1994 there was one final currency “reform” in this cycle of monetary lunacy. One dinar of 1994 was exchanged for one billion dinara of 1993. The new notes range in face value from 10 dinara to 500,000 dinara. These notes also feature a cross-hatch pattern in their watermarks and they are dated 1994. The two lowest values (10 and 100 dinara) no longer have serial numbers. There were only six denominations in this series, since a planned note for 100,000 dinara was never issued. The final





A 5,000 and a 10 million dinara note in the new currency that was introduced at the beginning of 1994. The latter was converted from a note dated 1993 and was the last of the notes of the hyperinflation period. It depicts the Nobel Prize winning author Ivo Andrić. Fairly early in the same year there was yet another currency reform in which a new dinar was introduced that was valued at one D-mark. The exchange at this time was about 13,000,000 of the dinara depicted above for one of the new. (WPMC nos. 141 and 144)



The backs of the 500 billion d note of 1993 and the 10 million dinara note of 1994. The former mentions the library, but this has been deleted on the latter. At the bottom it is noted that these notes were printed at the factory of the National Bank. Like almost all central European languages Serbo-Croatian uses “milijarda” for what in the USA is a billion and “bilijona” for what here would be a trillion. (WPMC nos. 137 and 144)

hyperinflation note of Yugoslavia was produced by overprinting 1994 on a 10 million dinara note that had been issued in 1993. It depicts Ivo Andrić on its face and the National Library of Serbia on its back.

The Yugoslavian notes of the hyperinflation period display a wide variety of sizes that range from 116 x 50 mm (similar to that of a fractional MPC) for the 10 dinara note of 1994 to 179 x 82 mm (like that of a large-size US Federal note) for the one billion dinara note of 1993. Changing the sizes of notes may have been one additional way of allowing the public to distinguish the newer notes in a time in which new designs were being issued and replaced on a monthly or even weekly basis.

This final hyperinflationary dinar lasted for only about one month. On January 24, 1994 a new dinar (Novi dinar in Serbian) was introduced that was tied to the D-mark rather than to previous issues of Yugoslavian money. Initially it was valued at par with the D-mark, which was then trading at 1.56 to the US dollar. In terms of the inflated 1994 dinara the exchange was about 13 million to one new dinar. In terms of the dinar introduced in 1966 the exchange value was one per  $1.3 \times 10^{27}$  of the dinara of 1966. In only two other cases has inflation this severe been seen. The first was the Hungarian hyperinflation of 1946, while the second was the recent hyperinflation that took place in Zimbabwe in 2008 and 2009.

The Yugoslavian inflation notes of 1985-94 are an easy group to collect. There are a total of 53 different types of issued notes for this period, and none of them are rare. The scarcest sell for well under \$100 in CU and no more than \$10 or so when in VF condition. There are also five different varieties of notes that were printed but never issued during this period. These are scarcer than any of the issued notes. The rarest of this group is a 100 dinara note that was printed in 1990. It depicts Tito on its face and a Partisan monument on its back. All of the notes issued after 1989 depict either young Yugoslavians or persons from the past, largely from the 19<sup>th</sup> century. Tito made only one appearance on Yugoslavian notes, and that was on the note issued in 1985.

Since fairly early in 1994 Yugoslavia has seen no hyperinflation, but the Serbian government (to which it soon was reduced) was unable to maintain the value of the dinar at parity with the D-mark. Today this currency trades at about 110 to the US dollar.

Although the Yugoslavian hyperinflation ended fairly early in 1994, the tragic civil war continued for some time thereafter. The initial breakup began in 1990 when Slovenia declared its independence. It was soon followed in this regard by Croatia and Macedonia. Bosnia was an especially problematic case, since its population was split between Serbs, Croats, and Bosniak Moslems. The Bosnian leader Alija Izetbegovic would have preferred to remain in a federal Yugoslavia, but the extreme Serbian nationalists in Belgrade left him with little choice. The Bosnian declaration of independence led to a brutal civil war that lasted from 1992 to 1995. In the southern region known as Hercegovina there was considerable fighting between the Bosniaks and local Croats, but the bulk of the warfare during 1992-95 throughout almost all the country was between Bosniak Moslems and Bosnian Serbs. The local Serbs established a so-called Republika Srpska and set up its capital in Banja Luka in northern Bosnia. There was also another local Serbian government that was set up in the Krajina region of Croatia. Both issued currencies that were tied to the highly inflated currency of Yugoslavia whose circulation was by now largely restricted to Serbia, Kosovo, and Montenegro.

Rather more than 200,000 persons were killed in the Bosnian civil war that raged from 1992 to 1995. Both the extended siege of Sarajevo and the horrible massacre of some 8,000 Bosniak Moslem men and boys at Srebrenica in July, 1995 are etched into the collective memories of many persons. Although the Moslem-dominated Bosnian government of Bosnia is internationally recognized, it still does not have control of all of the land that it claims, and the Republika Srpska headquartered in the town of Banja Luka is still in business.

Elsewhere in the former Yugoslavia conflicts and controversies continued to rage. Although Macedonia was able to obtain its independence without much difficulty, it has no strong tradition of nationality since there was never previously a Slavonic Macedonian state and the national language is not well developed. Although different from Serbo-Croatian it is almost identical to Bulgarian. Also about 30% of the people in this republic are Albanian-speaking.

Today well over 90% of the population of Kosovo is Albanian, but Serbian nationalists regard this region as part of their historic homeland, and Milosevic was determined to resist any movement that called for its independence. He made an attempt to expel the entire Albanian-speaking population from the province, but this radical measure did not succeed due to large-scale intervention by the United States and other NATO countries. The American bombing campaign took place during 1999, or a full decade after Yugoslavia began to show signs of breaking up. In 2008 Kosovo declared its independence, although this has not been recognized by many nations.

Another republic recently to declare its independence is Montenegro, which did so in 2006. Although Serbian in language and in culture, Montenegro has had a long history as an independent kingdom. It also is not plagued by the border problems that Serbia has, and it is basically ethnically homogeneous. What was once the nation of Yugoslavia is now a group of eight different countries or *de facto* states. Aside from tidy and prosperous Slovenia and possibly Montenegro as well, it is not clear whether any of the others have really benefited by this breakup given the huge costs involved.

The various components of the former Yugoslavia wasted no time in issuing new forms of paper money. The first currency intended for Slovenia was issued in 1990 before a name for the currency unit was decided. In 1992 these notes were replaced by currency denominated in tolars (talers or dollars). More recently Slovenia has adopted the euro as its currency. Hyperinflation was never an issue in this little Alpine republic.

Croatia was far more affected by the Yugoslav breakup due to presence of numerous Serbs inside its territory or at its borders. The first Croatian notes were issued in 1991 and were denominated in dinara. They lasted for two years, and notes for as much as 100,000 dinara were issued, but the Croatian hyperinflation was never as severe as was the Serbian version. In 1993 Croatia introduced the kuna as its currency, and this money is still in use. Some eyebrows were raised as to the name of this unit, however, since it is the same as that used by the fascist Ustasha regime in the 1940s. Inflation was fairly severe

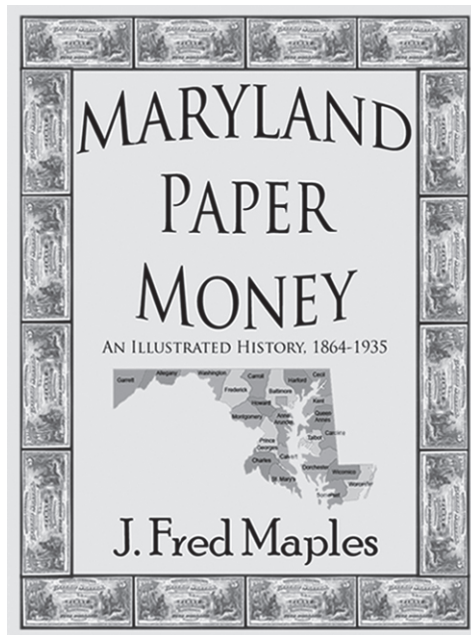
when Macedonia introduced its first series of notes in 1992, but in the following year a reform was made for a currency that has remained fairly stable ever since.

The Bosnian government in Sarajevo began its currency with two different series of provisional notes issued in 1992. Next came a series of note issues from the National Bank, but these experienced severe inflation and in 1994 a 10,000 to 1 currency "reform" was introduced. The Bosnian dinar, of course, was quite independent from that of Yugoslavia at that time. In 1998 a currency tied to the D-mark was introduced. This currency is still in use these, and it has been able to maintain its parity with the German currency. Bosnia, however, has still to switch to the euro.

As has been noted both the Bosnian and Croatian regions of the Republika Srpska issued their own currencies, but these were tied to the Yugoslavian dinar and they experienced the same degree of hyperinflation. Notes as high as 50 billion dinara were released, but today normal Serbian notes in (new) dinara currency are in use in those parts of Bosnia that do not recognize the authority of the government in Sarajevo.

Neither Kosovo nor Montenegro issued their own currency in the 1990s. Kosovo used Yugoslavian money until the NATO takeover in 1999. After that D-marks and then euros have been in use. In 1999 there had been an issue of propaganda notes that featured overprints in Albanian on obsolete Macedonian notes, but these did not have any status as currency. Montenegro also used Yugoslavian money up to its declaration of independence, but since then euros have been in use.

Although no hyperinflation notes were issued anywhere in the former Yugoslavia after 1994, various provisional issues did continue for a couple more years. Collecting these complex series of paper money issues can become a real challenge.



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# Small Notes

by Jamie Yakes

## *First Serials on Legal Tender 1928 United States Notes*

United States Notes (USNs) escaped the New Deal currency overhaul in 1933-34 without a new series, unlike other classes then in circulation, but still emerged a reformed currency. Ended was their convertibility into something never advertised on the notes, but legal for over 50 years by the 1930s. Also, the new clause introduced on USNs in 1934 finally discarded a half century of inaccuracies about the legal tender status of the class.

### **Provision for New Notes**

Congress passed the first Legal Tender Act on February 25, 1862, to help fund the Civil War. It provided for the issuance of \$150,000,000 of USNs. Additional acts followed later in 1862 and in 1863 that eventually increased the amount to \$450,000,000. The notes were nothing more than circulating Federal debt--a true fiat money. At the time, they were convertible into treasury bonds, a formal form of government debt.

The act declared the notes legal tender for all payments except customs taxes or interest on the public debt. Customs taxes comprised the primary revenue source for the Treasury in the 1860s, and interest on the public debt had to be paid with gold to maintain the Treasury's credibility. Prohibiting USNs for those taxes allowed the Treasury to continue to meet their obligations payable in gold, such as interest paid on gold bonds and payments to arms manufacturers.

From the onset, USNs were a depreciated currency because they weren't redeemable for gold. As such, they were heavily discounted against gold and other gold-backed currency during and after the Civil War.

Political movements soon arose to either remove them from circulation, or reduce the amount outstanding.<sup>1</sup> The latter won out, and the Resumption Act of January 14, 1875, among other things, increased the circulation of national bank notes and required the simultaneous redemption and cancellation of outstanding United States Notes to below \$300,000,000.

Inflationists decried the forced redemption of the notes and even organized the Greenback Party to voice their views. They wanted an increase in circulating soft money that wasn't backed by specie and therefore not limited by reserves, rather than the hard, or specie-backed, currency that was tied to some amount of gold or silver and often controlled by elitist groups.

The inflationists' views prevailed, and on May 31, 1878, Congress passed an act that terminated the redemption of USNs. The act fixed the amount in circulation to what remained outstanding at the time, yielding the odd amount of \$346,681,016.<sup>2</sup>

The Resumption Act had another significant implication for USNs. After January 1, 1879, the Treasury would resume paying its obligations in gold, including United States Notes. As they were now on par with gold, the prohibition against using them for payment of customs taxes and public interest became meaningless. Technically, though, the exceptions remained law because Congress never passed legislation removing that language from the enabling legislation for USNs.

Congress specifically addressed that concern five decades later in Section 648 of the Smoot-Hawley Tariff Act of June 17, 1930. This section provided for the acceptance of USNs, as well as national bank notes, for payment of customs taxes. Regardless, they continued to carry the exceptions in the clause until 1934.

### Changeover from Old to New Plates

The Congress and Treasury revolutionized our currency system during the New Deal through various currency reforms. Most notably, Congress took the United States off the gold standard. They also obliterated distinctions between the various currency classes by making all of them legal tender and convertible only into legal tender.

The Thomas Amendment was an important piece of legislation in this process. Passed as a rider to the Agricultural Adjustment Act of May 12, 1933, it stated: "Such notes and all other coins and currencies heretofore or hereafter coined or issued by or under the authority of the United States shall be legal tender for all debts public and private." This far-reaching statement accorded legal tender status to all U. S. currency and coins, and would finally clarify the legal tender clause on USNs.

The amendment led to new obligation clauses for most classes of currency, including USNs. The original obligation on the notes read "This note is a legal tender at its face value for all debts public and private except for duties on imports and interest on the public debt." The new clause was simplified by removing the exceptions to read, "This note is a legal tender at its face value for all debts public and private."

The BEP stopped using old-clause plates soon after the new legislation was passed. As of May 1933, a mix of Series of 1928A and 1928B \$2 faces and Series of 1928 and 1928A \$5s were on the presses. The BEP had dropped all the old-clause \$2 plates by July 17, and all the \$5s by November 23.<sup>3</sup>

The change in the clause was deemed so fundamental that over 120 old-clause plates of both denominations certified from May 1933 through January 1934 were canceled unused.<sup>4</sup> There would be no comingling on the presses of old-clause and new-clause \$2 or \$5 plates.

However, even after they ceased printing new sheets, the BEP continued numbering finished old-clause sheet stocks for both denominations into 1934. They numbered the last \$2 note with serial B09012000A on April 23, and the last \$5 with serial D15228000A on June 16.<sup>5</sup>



Figure 1. Use of old-clause plates ceased soon after the May 1933 Thomas Amendment was passed. However, old-clause sheets were serial numbered into 1934 until new-clause sheets were available. (Photos courtesy of Peter Huntoon/National Numismatic Collection.)

Treasury officials had authorized the BEP to eliminate the exceptions from the clause on United States Notes in November 1933. BEP Director Alvin Hall submitted two sets of proofs from new \$2 and \$5 dies to various Treasury officials for approval on December 11, 1933 and February 9, 1934. They were approved March 22 by Treasury Secretary Henry Morgenthau.<sup>6</sup> (Broughton, 1933-4).

Manufacture of new-clause plates commenced with the certification of \$5 Series of 1928C face 2 on March 26, and \$5 Series of 1928B face 2 on March 29.<sup>7</sup> The first \$5 faces went to press on April 17, and the first \$2 plates on April 19.<sup>8</sup>

Sheets for both denominations were sent for numbering soon after old-clause sheets ceased being numbered. The first \$2 1928C note was B09012001A numbered on May 7, and the first \$5 1928B was D15280001A on June 18.<sup>9</sup> No old-clause sheets were numbered after the BEP started numbering new-clause sheets.



Figure 2. Julian-Morgenthau \$2 and \$5 United States Note faces with new clauses went to press starting in April 1934. Plate sequences for both denominations began at serial 1, but the serial numbers continued from the last serials printed on old-clause notes. (Photo courtesy of Heritage Auction Galleries.)

Star note data shows the break for old-clause and new-clause \$2 stars to be ★01056000A/★010560001A.<sup>10</sup> The divide for \$5 star serials hasn't yet been determined, but will fall between ★03348001A and ★03408000A.<sup>11</sup>

**Table 1. Critical Dates for Old- and New-Clause \$2 and \$5 United States Notes**

<b>Old-Clause Notes:</b>		<b>New-Clause Notes:</b>	
Last \$2 plate used	July 17, 1933	First \$2 plate certified	March 29, 1934
First \$2 note numbered	April 23, 1934	First \$2 plates used	April 17, 1934
Last \$5 plate used	Nov. 23, 1933	First \$2 note numbered	May 7, 1934
First \$5 note numbered	June 16, 1934	First \$5 plate certified	March 26, 1934
		First \$5 plates used	April 16, 1934
		First \$5 note numbered	June 18, 1934



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7. Bureau of Engraving and Printing, Treasury Department, Plate History Ledgers for United States Currency Plates, Volume 6: Record Group 318, U. S. National Archives, College Park, MD.
8. Ibid.
9. Bureau of Engraving and Printing, undated, Numbering division press room logbook containing a listing of the inclusive dates when United States Note 1928 series 12-subject sheets were numbered, BEP Historical Resource Center, Washington, D.C.
10. Determined from census data listed on 1928notes.com (May 6, 2015).
11. Determined from census data from the author and listed on 1928notes.com (May 6, 2015).

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# THE GREAT OMAHA AND CHICAGO BANK NEBRASKA TERRITORY (1857-1864)

by Marv Wurzer



Well ..., maybe not so great. The name certainly gives the impression that this bank had geographic importance, operating in both Omaha, Nebraska *and* Chicago, Illinois. Although Omaha was just a small town in the late 1850s, Chicago certainly was not, leaving one with the impression that this was a bank of substance. On closer look, however, this frontier bank, like most of the other banks of the frontier Nebraska Territory wildcat banking era, was largely “all hat, no cattle.”

*Banks having not the faintest shadow of a legal claim to existence sprang up in various parts of the State. Such was the Omaha and Chicago Bank ....<sup>1</sup>*

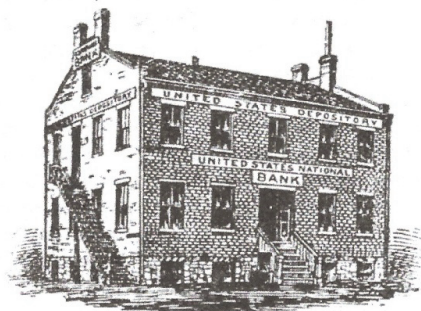
Historical information about this bank is very difficult to find. Only brief mention is made of it in the various basic contemporary histories of territorial Nebraska or of the wildcat banking era.

Through the first three sessions of the Nebraska Territorial legislature, a number of banking charters were issued. However, the Omaha and Chicago Bank was *not* one of them. In fact, a bill for a charter request by its organizers was defeated in the third session which began in January of 1857. But legalities apparently did not stop the bank from proceeding to do business. Its operation was so offensive that a bill was introduced in the next legislative session “to prevent the improper issue of the Omaha and Chicago bank.”<sup>2</sup> The bill passed after a second reading on January 4, 1858.<sup>3</sup>

In May of 1858, the then Governor of Nebraska Territory requested the District Attorney for the Territory to file charges against the Omaha and Chicago Bank, as well as six other banks which had no territorial bank charters. He wanted these wildcat banks closed because “they are not authorized by law, and because they have omitted to redeem and pay their notes when presented for payment ....”<sup>4</sup>

Despite lacking legal claim for existence, the bank opened with H.B. Sackett as president and J.V. Schell as cashier. Operations were conducted out of the former quarters of the Western



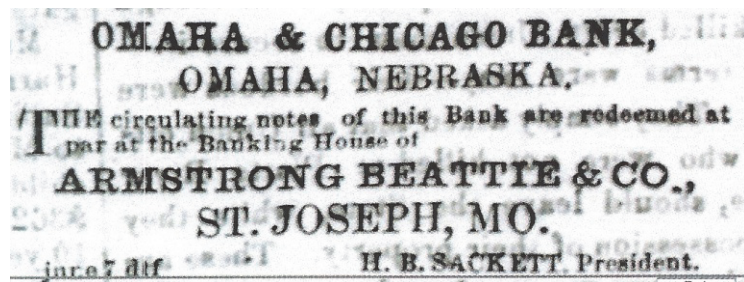


OLD WESTERN EXCHANGE BANK BUILDING,  
OMAHA, LATER OCCUPIED BY THE UNITED  
STATES NATIONAL BANK

Exchange Fire and Marine Insurance Company. Also known as the Western Exchange Bank, it was the first of the chartered wildcat banks. Western had closed its doors in the fall of 1857 after being in existence only two years. This is a bit ironic in that the Omaha and Chicago Bank “is said to be the last of the wildcat banks in Omaha.”<sup>5</sup> These “book end” banks of the Nebraska Territory wildcat bank era fittingly opened and closed their operations from the same location, the “Old Western Exchange Bank Building.” Thus this building had the unusual distinction of littering two Nebraska Territory wildcats.

*One bank still remained in Omaha [in 1861], called the “Omaha and Chicago Bank,” but it had no business, and maintained a precarious existence, by paying out bills for the living expenses of its manager [Mr. Sackett] “which bills were returned for redemption about as fast as issued” with the possible chance that a few would stray off, and be lost in the hands of their holders.*<sup>6</sup>

The Omaha and Chicago Bank “maintained a sickly existence down to the early 60s, and ... the few bills it still managed to put out were all redeemed.”<sup>7</sup> Its “sickly existence” ended in 1864 when “its affairs” were closed.<sup>8</sup> Surprisingly, even though the bank name and actions were apparently aimed at driving the notes as far away from the bank as possible to reduce the probability of redemption, the notes of this bank were still being redeemed *at par* as late as the summer of 1863. (See adjacent Missouri ad of June of 1863.) Redemption at par was not being done by the bank itself, but by the private bank of Armstrong Beattie & Co. of St. Joseph Missouri. The president of Armstrong Beattie at that time was coincidentally Mr. H.B. Sackett, the previously mentioned president of the Omaha and Chicago Bank.<sup>9</sup> Possibly Mr. Sackett felt public pressure or an obligation to see that the notes of the now defunct bank were honored after the bank’s closure. This certainly explains why issued notes of this bank are extremely difficult, if not impossible, to find, even though the bank did continue to issue “bills bearing date as late as May 1861,” without regard as to whether it had the legal authority to do so.<sup>10</sup>



## CHICAGO?

So what's the connection with Chicago, Illinois? Well, it is no surprise that there isn't any (other than most likely part of an initial marketing effort of this wildcat bank to get its notes as far away from Omaha as possible to reduce the likelihood of their redemption). However, the reference to Chicago is not entirely without merit. There was in fact a Chicago, *Nebraska*, however brief and insubstantial its existence.

The following entry appears in an 1874 edition of a geographical encyclopedia:<sup>11</sup>

**Chicago**, v in Douglas co., Nebr., on the Union Pacific R. R., 27 mls. W. of Omaha.

Chicago was a town in Douglas County, Nebraska, apparently existing roughly 27 miles west of Omaha from 1856 to around 1870. It primarily functioned as a Union Pacific station. "There is no evidence that there was ever a banking operation in Chicago, Nebraska."<sup>12</sup>

*The place is known to the railroad as Elkhorn Station, but its post office is named Douglas. It was **first named Chicago, from the precinct**, but this caused trouble, because the mail for this place was frequently sent by mistake to Chicago, Ill.*"<sup>13</sup> (Douglas County, Nebraska is divided into divisions, which, except for the City of Omaha, are called precincts. "Chicago" happens to be one of those precinct names and thus the original source of the name conveniently used by this wildcat bank.)

## KNOWN NOTES

The two preceding bank notes pictured within this article are the \$2 and \$5 notes printed by Bald, Cousland and Company. They are known in proof only since "these notes were never printed for circulation purposes."<sup>14</sup> The Omaha and Chicago Bank actually issued \$1, \$2, \$5 and \$10 notes printed by the American Bank Note Company. However, as indicated above, most of the issued notes of this bank were redeemed and are very scarce. Images of the issued or proof American Bank Note Company notes are hard to find, often leaving the proprietary proofs, such as the sheet pictured on the next page, as the best available images.



**Mark Anderson and Len Glazer  
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Proprietary Proof sheet of the American Bank Note printing sold by Heritage Auctions in 2012.



Checks issued by any of the wildcat banks are also very difficult to find. A proof of an Omaha and Chicago Bank check appears below.



Proof Omaha and Chicago Bank check sold by Heritage Auction in 2014.

<sup>1</sup> "A Nest of Wild Cats", *The Overland Monthly*, Vol. X No. 56, August, 1887; p.114-115.

<sup>2</sup> *House Journal of the House of Representatives* (Fourth Session, Territory of Nebraska); Omaha City, N.T. 1858; p. 126.

<sup>3</sup> *Ibid.*

<sup>4</sup> *Nebraska Advertiser* (Brownville, Nemaha County, Nebraska Territory); June 10, 1858, p. 2.

<sup>5</sup> Wakeley, Arthur C., *Omaha: The Gate City and Douglas County Nebraska*, Vol. I, Chicago: The S. J. Clarke Publishing Company, 1917, p. 205.

<sup>6</sup> Yates, Henry W., "Early Nebraska Currency and Per Capita Circulation," *Proceedings and Collection of the Nebraska State Historical Society*, Lincoln, Nebraska: Lincoln Printing Co., 1894, p.69.

<sup>7</sup> J. Sterling Morton, *Illustrated History of Nebraska*, Lincoln: Jacob North & Company, Vol. II, 1906, p. 311.

<sup>8</sup> Savage & Bell, *History of the City of Omaha*, New York: Munsell & Company 1894, p. 423.

<sup>9</sup> *The Morning Herald* (St. Joseph, Missouri); June 25, 1863, p. 1.

<sup>10</sup> "A Nest of Wildcats," at 118.

<sup>11</sup> Von Steinwehr, A., *The Centennial Gazetteer of the United States*, Philadelphia, Pa.: J.C. McCurdy & Company, 1874, p. 206.

<sup>12</sup> Owen

<sup>13</sup> Andres, A. T., "Douglas County", *History of the State of Nebraska*, Chicago, Illinois: Western Historical Company, 1883, (emphasis added)

<sup>14</sup> Leonard M. Owen, *Territorial Banking in Nebraska*, Central States Numismatic Society, 1984, p. 19-20.



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# U n c o u p l e d :



## *Paper Money's* **Odd Couple**

### **Operation Bernhard**



#### **Joseph E. Boling**

Well, if Fred is going to talk about Hans Walter and his fascinating story, the least I can do is talk about Hans' products.

When you get to Fred's half of the column, you will learn that Hans Walter was one of the Jewish prisoners assigned to counterfeit British white notes. This style note circulated from days long before WWII until the 1950s (the Germans copied only 20th century notes). Those notes are my topic for this issue.

The original white notes date to the late 17th century, and were hand-written. That did not last long. About 1700 the notes began to be printed (or part-printed, with a fair amount of information still hand-entered) from engraved copper plates.

The problem with engraved plates of this period was that each was an original engraving. Siderography had not yet been developed, by which a master die could be used to make any number of daughter plates for use on the presses. Skilled counterfeiters could make passable copper plates, and since the bank's own plates were not perfect copies of each other, the counterfeiter's defense was that the note he was caught with varied no more from the bank's pattern than their own products did. Since counterfeiting was a capital offense, there was sometimes legitimate doubt about whether the holder of a suspect note really deserved to hang.

**Boling continued on page**

#### **Fred Schwan**

Danny Spungen is a great collector. A bit eccentric. Crazy perhaps, but look who is writing this! I first met Danny in 2007 at an ANA summer seminar.

The Boss was there too. Indeed, it was lunch time and Judy had taken a seat in the cafeteria and started a conversation with the fellow sitting there—Danny.

I arrived a few minutes later. Usually the first question between students and teachers at the seminar is "What class are you taking?" Danny told me that he was taking coin grading. I rolled my eyes. I should not be that way. Coin grading is actually a good class and very popular, but it seems like a missed opportunity when there are so many other interesting classes—especially ours on military numismatics.

We got past that little problem and were having a nice chat. Then Danny told me that he had just been to the annual convention of the APS—American Philatelic Society. Furthermore, he had made a major and completely spontaneous purchase there. It was a large award-winning exhibit of Holocaust material created by the well-known philatelist Ken Lawrence. Of course it was mostly philatelic. He mentioned the many covers from a wide variety of concentration camps that were in the collection. That really got my attention. I asked him if he knew that for many of the camps represented in his collection there



were also paper money issues and that there was a numismatic book on the subject? That really got *his* attention.

Within two minutes I handed Danny my cell phone with Steve Feller on the other end. Danny did not even finish his lunch.

Fast forward a year. We are in Colorado Springs again for the seminar. This time Danny is in our class.

On the critical day in question, I ever so slightly introduced Operation Bernhard, Nazi counterfeiting of Bank of England notes. Danny was smitten. I could tell it instantly. Operation Bernhard is of course an important and fascinating numismatic story, but it is just one of many that we cover in the class. I moved on, but Danny refused. First he studied every word that we have in *World War II Remembered*, then Brian Burke's book on Operation Bernhard, which I had in the classroom. Along the way he was scouring the Internet for more. I had lost him for the class, but we had also won him over to the community long term.

Danny told me recently that at the time of the class he actually owned a Bernhard note in the Holocaust philatelic collection, but that he had neither appreciated nor understood it until the class. Therefore, I think that I can claim credit (or blame) for setting him on the path that he has taken.

Jump forward a few weeks (24 August 2008). Danny called me that he was on the road heading for Ohio. Danny said that had found a survivor of Operation Bernhard. He lived in Mansfield, Ohio. Danny was going to visit him, did I want to go along? Oh my, what a request. I was thrilled to have the opportunity. Danny picked me up and we were on our way.

We sort of lost ourselves in conversation as we drove. Many collectors have experienced that. This time had an extra twist. The Ohio State Patrol decided to join in the conversation, and Danny received his second speeding ticket of the day. Danny

was (and is) extremely philosophical about speeding tickets, although he has been forced to be more serious about them too. Since that day, I have had the additional mission to get Danny to slow down. I have had only limited success—there are many more Danny/speeding stories.

We arrived in Mansfield (just the two of us) in good order, bursting with enthusiasm



**Danny Spungen (left)  
Hans Walter (center)  
and Steve Feller (right)**

and questions. We were greeted by Hans Walter, who was indeed a survivor of Auschwitz, transferred to the Sachsenhausen concentration camp as a member of Operation Bernhard.

Until our meeting, Hans' story, from what we gathered, was printed only a few times in the local *Plain Dealer* and *The Daily Record* newspapers. We were surely going to change that!

In the 1930s Hans Walter was a serious cyclist living in Berlin. He won a Berlin cycling championship. Because of his achievements, Hans was allowed to work at an athletic facility as a locker room attendant and possibly a coach for Nazi officers.

Working in the locker room, Hans stole—perhaps borrowed—Nazi officer credentials from uniforms. He used those documents to counterfeit versions for friends & possibly family members. I was (and am) uncertain if Hans stole the documents or only took, photographed, and returned them before creating his own versions.

Hans was caught and ultimately sent to Auschwitz, about which he has an amazing story. Although a Jew, Hans had been sent to the camp because he was a criminal, a

counterfeiter. I learned from him that the tattoo serial numbers were applied at Auschwitz by a scheme where criminal numbers were one way on the arm while those for Jews were 90 degrees from those of criminals. (From later research it seems the tattoo positioning was not very organized, but in the case of Hans it could have been the process at that particular time, as he reports.)

In the course of his incarceration, Hans found himself one day being led naked into the showers. He knew what was going on, and at the last second made a life-saving move. He presented himself to a guard, where he showed his serial number oriented as a criminal and stated that he did not belong in the shower. The guard was flustered and told Hans to go stand out of the way. Thereafter, in a way that was not real clear to me, he exfiltrated back to his barracks. This is certainly an amazing story, but my memory is very clear about the generalities. I may have a few small details wrong, but this is the story that Hans reported to Danny and me. We took videos of our time with Hans, from which his story can be pieced together better...but you get the idea!

At the same time, Major Bernhard Krueger was scouring criminal records for counterfeiters. Hans' record was found, then Hans himself was found and sent to Sachsenhausen and the now-famous Barracks 19.

Ultimately, Hans became a final inspector of notes. Likely he had other jobs along the way, but it was the inspector job that he described the most to us. Hans was very proud to say that he was in charge of the final inspection stages (of which there were about five).

After the war Hans came to the United States, where he married, raised a daughter, and worked at the General Motors factory in Mansfield. In his garage he kept his

Cadillac, which was his pride and joy (as were his gun and membership in the NRA).

We showed Hans a few Bernhard notes that Danny had taken along. Hans confirmed that they were indeed Bernhard notes, although I do not know how he identified them. Danny was quick to tell Hans, that "we collectors can pretty easily distinguish a genuine from a counterfeit note." Hans was disturbed by this "accusation," because he said he would not be living today if it was easy to detect the differences. In fact, he started to shake his little four-legged card table, saying it was *not* easy. After a discussion, we back-tracked and told him that "today," given all the information we have, it is easy, but of course back in 1944 it was not easy at all, and that is why the operation was so successful!

Hans indicated that these were the first examples that he had seen since the war. He did have some poor photocopies that he used when telling his story to local school classes.

Danny's notes had been encapsulated by a grading service. I suggested to Danny that he should take the notes out of the holders and ask Hans to autograph them. Danny was flabbergasted. Really? Take them out of the expensive holders? Yes, I insisted. After all, we might never again get the opportunity to have the autograph of an actual Bernhard survivor on a Bernhard note. Ultimately, Danny saw the wisdom of the idea and we had a few notes signed. I believe that Danny even videotaped the signing!

What an exciting day that was. Thank you, Danny, but there is even more. Jump forward another year, well eight months.

As a complete surprise, Danny arranged to bring Hans Walter to MPCFest X in April 2009. It was a spectacular success. Hans made a short presentation and answered a few questions, but mostly what he did was make friends of all of the Festers and the hotel staff. The silence of the Festers while Hans spoke in a very low voice was

amazing. Everyone was spellbound. An additional surprise was a special MPCFest souvenir card honoring the visit of Hans Walter. Hans signed all the cards that were distributed...a priceless memory!

At MPCfest XII in 2011 Hans, along with Lawrence Malkin (author of *Krueger's Men*) attended his second Fest—of course again arranged and executed by Danny. In 2013 Hans was sent an MPCFest tee-shirt signed by all Festers attending Fest XIV. Hans wears his MPCFest shirts regularly to this day!

Danny's and my meeting with Hans Walter opened the door to new opportunities. Hans was very close friends with Jack Plapler, another living survivor of Operation Bernhard. With Hans' introduction, Danny flew to Berlin to meet Jack Plapler in 2009. On the same trip Danny went to Prague, Czech Republic, to meet Adolph Burger, the third survivor (whose book was loosely used to create the 2007 Academy Award-winning movie, *The Counterfeiters*). In 2010 Danny and his son went back to Berlin to spend quality time with Jack. Sadly, Jack passed away April 9th of this year. From what we know, both Adolph and Hans are not doing well. Both are in their 90s today. Hans will be 94 on December 14th.

Danny did not rest on these accomplishments. His mission is Holocaust and genocide education. When Danny accepts a mission he attacks it with unbounded initiative and innovation. I think that you can see that from this story. He has traveled the world in pursuit of his mission. He has brought together governments, universities and schools, institutions of every kind, and people from all walks of life. Intertwined with Danny's infectious personality is the support of the Spungen Family Foundation. You can (and should) look over the information about the foundation at

<http://spungenfoundation.org/documents/ExhibitGoals.pdf>.

The odds of Danny and my slowing down do not make a good bet. We're on a great path to more adventures. In fact, Danny is more energized than ever to continue using the story of Operation Bernhard as one of his educational pieces. I added fuel to this great fire and that will be a story for another day....very soon! Slow down Danny...at least a little!

### **Boling Continued.**

When electrolytic deposition was invented in the mid 19th century, the bank turned to that technology (which we are using yet today). A perfect reproduction of a master die or plate could be made electrolytically, and henceforth the bank could say unequivocally that a note showing details not on their master was a counterfeit. For some reason unknown to me, the bank chose to stop at the alto plate stage—a plate in relief, which would make a letterpress impression. They could have gone on one more step and created another basso plate—an intaglio plate—which is the process used today.

Their choice means that at 20x a white note is going to show the characteristic diagnostics of a letterpress product—ink pushed out to the edges of an impression, and perhaps some significant dropouts if the plate is not well-inked or is not firmly applied to the paper being printed. If it *is* firmly applied, you will see embossing protruding from the back of a lightly circulated note. For decades collectors assumed that white notes were intaglio—it was not until I saw photographs of recovered plates from Operation Bernhard (in Brian Burke's book) that I realized we needed to look at both the originals and the counterfeits from a different perspective.

Making plates was not the only task the Germans had to master. The Bank of



England also used a complex scheme linking a serial number *in the watermark* of the paper to the date printed on a note, and the dates of emission themselves were derived from formulae involving the denomination, the year of production, and the branch from which the note would be issued. Serial number prefixes, likewise, were linked to branches. Initially, obviously, the Germans could simply use numbers and dates matching notes that they could find in circulation, but since they wanted to print hundreds of thousands of notes, they really wanted to break the code so that they could print notes with numbers as varied as those produced in Britain.

They also had to duplicate the paper. Not only was there an elaborate watermark in the paper, it also had distinctive properties when illuminated with ultraviolet light. There were no overt UV features in white notes (it was not until after the war that UV became an intentional part of note security). But the Germans did not want central bankers to be able to look at their products under UV and easily identify them as bad. The secret to the paper turned out to be the source of the linen used to make it—not raw linen, but used rags (recycled, we now would call them).

The Germans did a bang-up job. They missed a few dates and serial prefixes (placing them on notes signed by the wrong chief cashier), but they spent a lot of Bernhard notes for war materiel in international markets without being challenged. The lower quality products were diverted to lesser-risk outlets, such as paying agents and even dropping a plane-load or two of the worst ones over the UK. A good way to use counterfeits in economic warfare is to damage the target populace's trust in their own notes—introducing known counterfeits into an economy tends to do this.

Can the German notes be distinguished from the British? For years anyone who

thought he might have a bad note could take it to the Bank of England for verification. They would either return it or keep it—but they would not reveal what that decision was based on. Gradually, collectors and dealers have isolated some diagnostics that are usually accurate. Some notes are ambiguous—some show both good and bad features, making it hard to be confident in assigning them to a pile. But by and large, the following descriptions will allow you to separate the sheep from the goats.

First, what is the denomination and signature? Almost all Bernhard notes show Catterns or Peppiatt as chief cashier. There is only one deviation from that—a £10 note with the Mahon signature on the Birmingham branch dated 24 December 1926. If your Mahon £10 note is not that branch and date, you have a plum. Among Catterns notes, only the £10, £20, and £50 notes were produced. All are on London except for a single group of £10 notes on Leeds dated 10 Jan 1933, and showing serial prefix 138/V (which is a German error—the correct prefix for that date is 143/V).

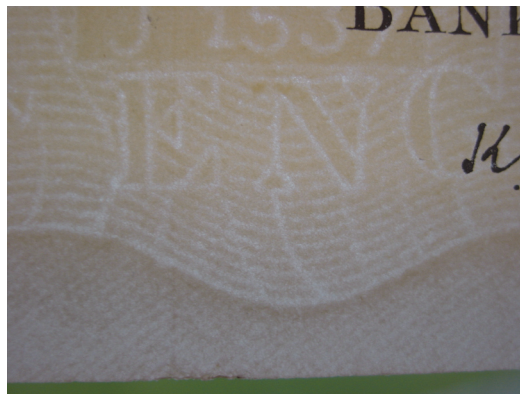
The most common Bernhard notes bear Peppiatt's signature, in denominations £5-£100, mostly on London, but also Bristol, Leeds, Liverpool, and Manchester (all scarce). For data about observed serial prefixes and initial serial digits, go to [http://www.britishnotes.co.uk/news\\_and\\_info/prefix\\_sightings/bernhard/index.php](http://www.britishnotes.co.uk/news_and_info/prefix_sightings/bernhard/index.php), where you can find tables of known Bernhard serial prefixes and leading pairs of digits. The data is spread over several pages, so ascertain your signature and denomination before you start looking at the data.

The earliest diagnostic published for collectors was in the watermark. Across the bottom of the watermark the words BANK OF ENGLAND appear. A curved line comes up to the pediment of the left vertical stroke in the first N of ENGLAND. If that line

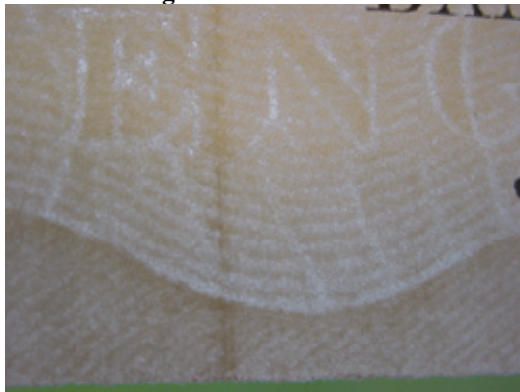
touches the center of the pediment, the note is counterfeit (figures 1a and 1b). On most



**Figure 1a**



**Figure 1b - counterfeit**



**Figure 2**

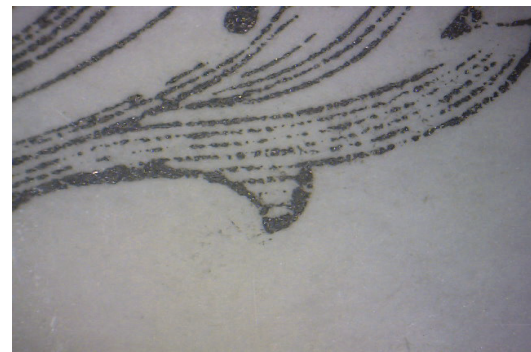
genuine notes that touch is a little offset to the left (fig 2). However, on some counterfeit (and some genuine) notes that line is way out to the left corner of the pediment. Then you have to look at another feature.

At the lower right of the Britannia medallion is a large leafy ornament. In the bottom edge of this leaf is a small nipple-like protrusion. On the counterfeit, the line

defining the right edge of that nipple rejoins the line of the main leaf directly (figures 3a

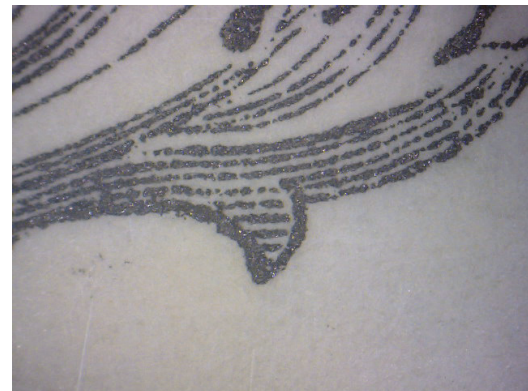


**Figure 3a - counterfeit**



**Figure 3b - counterfeit**

and 3b). On the genuine note, that line cuts across the edge of the main leaf, not really “joining” it at all (fig 4). This is a pretty



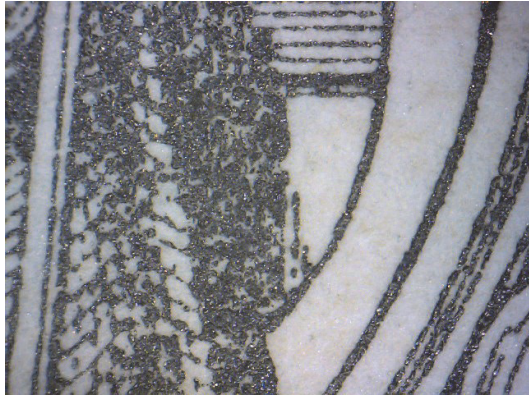
**Figure 4 - genuine**

reliable diagnostic, but once in a while it really is impossible to determine whether the ascending line “crosses” or “joins” the line of the main leaf.

Yet another place to look is at the lower right edge of Britannia’s gown, to the right



of the spear. The right edge of the gown, on the counterfeit, is a lumpy black mass, with perhaps a notch in it or a spike protruding from it or both (fig 5). On the genuine, it is



**Figure 5 - counterfeit**

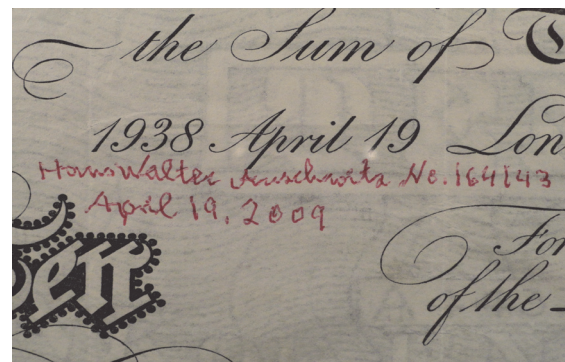
composed of lines and dots, sometimes appearing as a comb with very fine teeth (fig 6). This truly is a 20x diagnostic—the other two can be seen without aid of magnification.



**Figure 6 - genuine**



**Figure 7a**



**Figure 7b**

Fred mentioned Operation Bernhard notes signed by Hans Walter. Figures 7a and 7b show one of those, signed by Mr. Walter at Fest X on 19 April 2009 (71 years to the day after the date of the note).

You should also be aware that there are non-German counterfeits of white notes, with “watermarks” that are printed on their faces (not nearly as deceptive as the German products). Have fun.



**Members of the Fractional Currency Collectors Board (FCCB) met at the Old Spaghetti Warehouse during the Memphis show for a meeting, camaraderie and food.**



# Central States Numismatic Society

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& Convention Center**

**April 27-30, 2016**

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- Educational Exhibits
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- Educational Programs
- Club and Society Meetings
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(414) 698-6498

foleylawoffice@gmail.com

Visit our website:

**[www.centralstates.info](http://www.centralstates.info)**





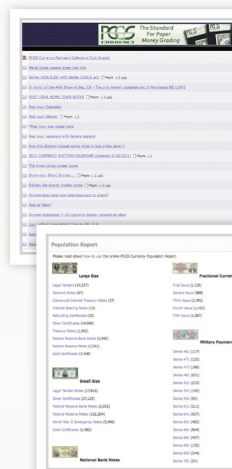
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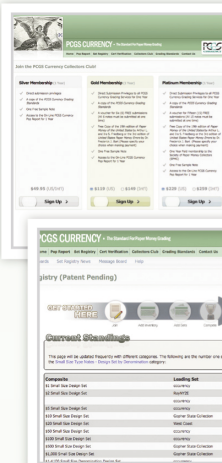


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# *The Obsolete Corner*

## **Thomas Dyott and His Manuel Labor Bank**

by Robert Gill

I have just returned from my first trip to the Memphis show. I want our members to know that it was an incredible experience. I met many friends that, before Memphis, had been just voices over the phone or names on emails. Now I have faces to remember my friends by. I also met many new friends that I didn't know before. I hesitate to mention any names, as I don't want to chance omitting anyone. I'll always remember the kind words that were spoken to me and the many encouragements that I received in regard to continuing my study and collecting of Obsolete sheets. Words cannot express how pleased I was to see how many people were viewing my Obsolete sheet display. I am already starting to plan how I can make next year's Memphis experience as rewarding as this one was.

In this issue of *Paper Money* I've chosen from my Obsolete sheet collection to write about Thomas Dyott and his disastrous jump into the banking business with his Manuel Labor Bank.

According to Kevin A. Sives, in his article *Dr. Thomas W. Dyott -- A True Renaissance Man*, Thomas Dyott was born in England and immigrated to Philadelphia sometime between the late 1790s and 1810. Earlier he had served as an apprentice to an English druggist. After coming to the United States he proclaimed himself to be a doctor, set up a practice, and began selling medicines that he had created himself. Dyott used a local glass manufacturer to supply him with medicine bottles, vials and other glass items that he used to sell his concoctions. When this glass business ceased operations, he invested in a glass works company in New Jersey. He went into the business with gusto, and became a "glass mogul". By the early 1830s Dyott had become known for some of his glass creations. But at the same time he began experiencing financial problems, and his creditors took control of his operations. Eventually he was able to regain control of his business and become very successful. But too much success with the desire to expand ultimately led to his down fall.

By the early to middle 1830s, the idea of banking had become an epidemic in this country. Many businessmen got caught up in it, and Thomas Dyott was one of them. His lack of banking experience did not deter him from jumping into this business head on. In 1836 he opened The Manual Labor Bank at a location where he previously had set up a warehouse to store his medical drugs.

But something was about to happen in this country that Dyott had not planned on... an economic collapse. By May of 1837, just in Philadelphia, eleven banks had locked their doors because of overruns and panics. Being a private bank, The Manuel Labor Bank was not immediately affected. But, because of inexperience, Dyott made an unlawful move at this time by issuing small denomination notes. Although his intention was to just keep his bank open, this was illegal by the banking laws during that time of trouble. This would come back to hurt him tremendously.

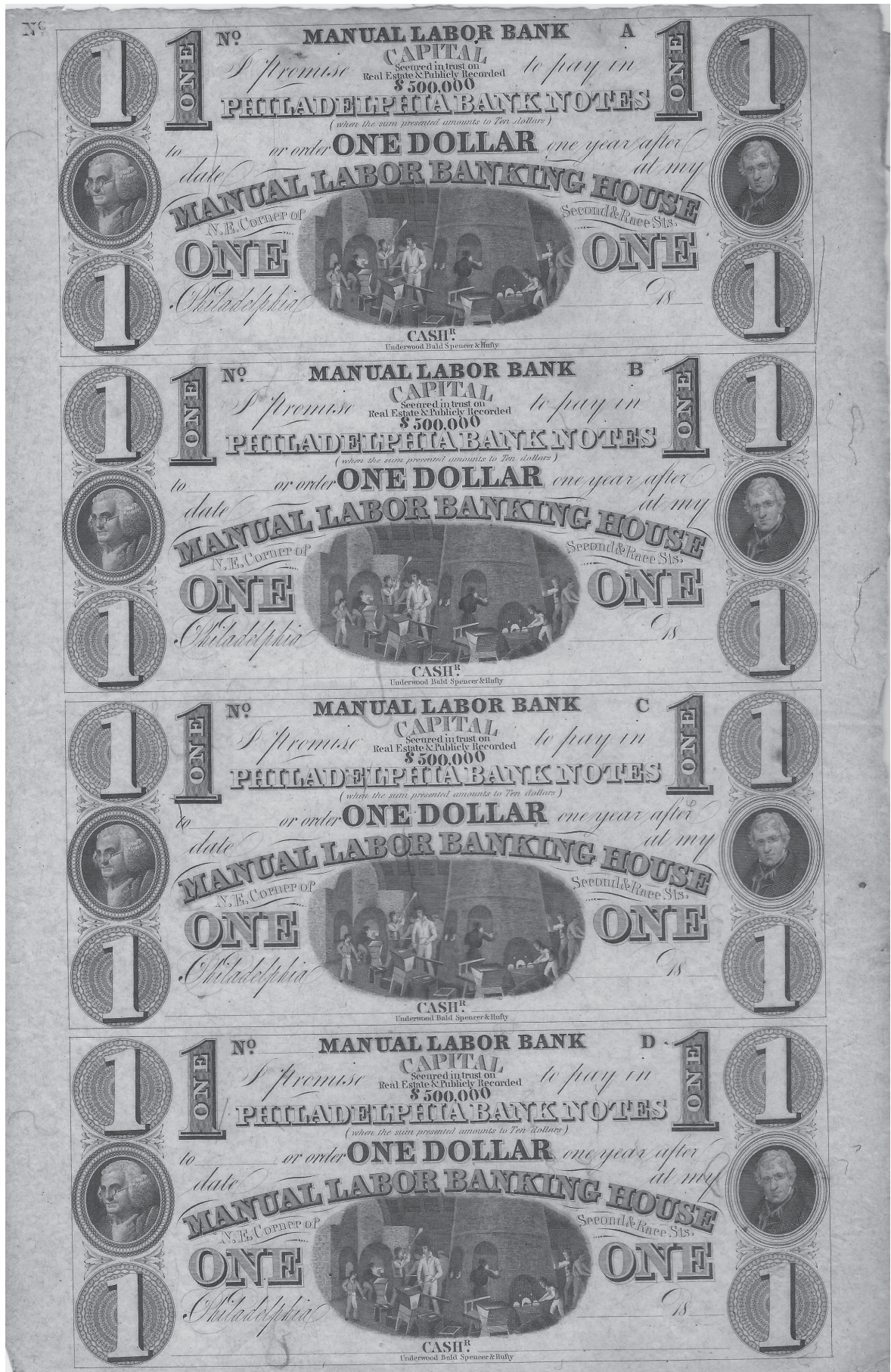
As the economics of this country continued to worsen, by November of 1837 Dyott's bank began to suffer a run on assets which was based on rumors that he was about to shut down banking operations. And very soon thereafter he saw that bankruptcy was the only protection for him. But in this case, with his creditors being so disgusted with him, they brought charges of fraud and swindling against him.

Thomas Dyott's financial dealings over the years were looked at very closely. His inexperience of banking and finances had finally caught up with him. He was taken to court and indicted on eleven counts of fraud, which resulted in him being sentenced to prison for three years, beginning in June of 1839.

By use of the appeals process, he was released from prison after having served a little less than two years. His incarceration ended on May 10, 1841. But after being released, he was promptly re-arrested as a debtor and sent to the Debtor's Apartment of Philadelphia's Moyamensing Prison. But after just two weeks, Dyott was released because a friend assumed a guarantee for his debts. Having lost his bank and glass empire while in prison, Thomas Dyott continued to work in the drug stores of relatives until his death at the age 83.

As I always do, I invite your comments. I can be reached at [robertgill@cableone.net](mailto:robertgill@cableone.net) or by cell phone (580) 221-0898. Until next time, HAPPY COLLECTING.







# In Memoriam:

## Robert (Bob) Cochran



Robert E. (Bob) Cochran, aged 68, of Huntsville, Alabama, died Monday, June 8th, 2015. Bob was a long time member of the Society, LM #69. He held multiple offices/positions including;

- Secretary—1986-1997
- Governor—1989-1991
- President—1997-1999
- By-laws Chairman—1986
- Awards Chairman—1994
- Nominating Committee Chair—1994 & 1998

He also received numerous awards from the Society including;

- Nathan Goldstein Award in 1989
- Presidential Award of Merit in 2000
- Honorary Lifetime Member (for service) in 2006
- Literary Awards in 1986, 87, 88, and 90

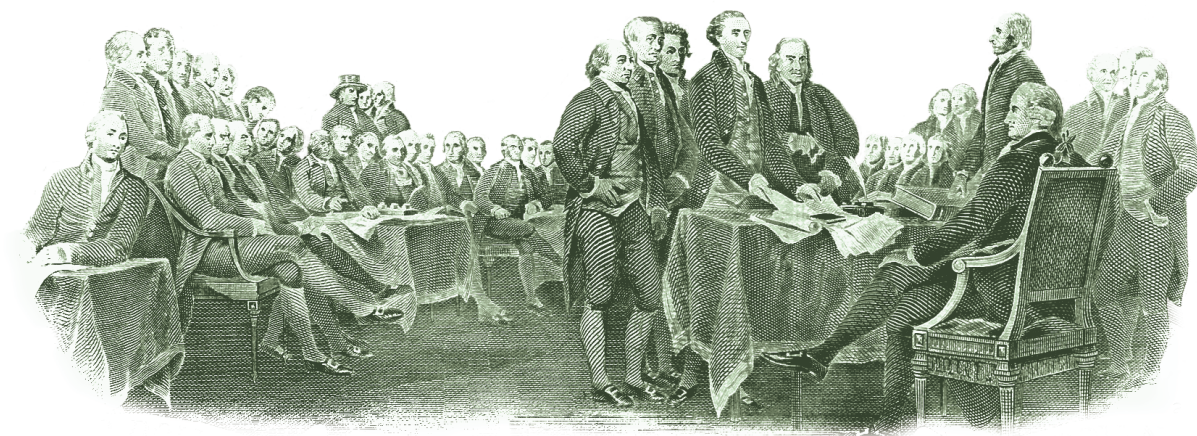
*“Bob Cochran was a dedicated paper money aficionado and Society of Paper Money Collectors long-time officer and community member. We will miss Bob and offer his family and friends our condolences and prayers. “*

Pierre Fricke, President, SPMC

*“Bob truly loved collecting paper money, and he loved collectors and everything about both. He gave countless friendly hours to our Society at a time when ‘Being the Secretary’ was a detail intensive, highly manual process and member correspondence was by U.S. Mail and **ONLY** U.S. Mail. He cheerfully engaged problems, and if it was good for any aspect of our hobby, he was all for it.”*

Mark Anderson, Past President, SPMC.

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## Making Cents of Small Denominations

Having a Foreign Service officer for a father made it very easy for me to catch the collecting bug: all the man had to do was empty his pockets of spare change after returning from a trip and I was happy. One item that particularly intrigued me wasn't a coin at all, but represented the first bit of foreign paper money I ever owned: a one-cent note from Hong Kong. It was a pretty grubby specimen, and I've since seen countless crisp examples of this commonplace, uniface chit that looks more like an oblong postage stamp than a proper banknote. What struck me about it wasn't any particular feature of the design, but the sheer fact that it stood for all of *one cent*.



### Chump Change

by Loren Gatch

Even (or especially) for a kid, this was not an intuitive thing. Coins made up the tangible, ringing-on-the-table, small change of commerce (and comprised a child's allowance). Paper money, by comparison, seemed thin and silent, replete with abstract terms like "obligation" and "legal tender". Unlike coins, paper money seemed very much an adult thing and, as my young brain reasoned, ought to be worth more than any particular coin. Thus, to encounter a one cent piece of currency seemed wrong, but in the right way. If you could have offered to my young self the opportunity to buy candy with either a one-cent coin or a note, I'd have taken the note.

Having once been beguiled by shiny pennies but also impressed by their paper equivalents, denominational questions later interested me as an adult collector. Two in particular recur: why do we see the denominations that we do, and what is the boundary between coin and paper? Of course, the basic unit in any modern monetary system—mark, franc, ruble—emerges from specific historical circumstances. But why do the fractions and multiples of those units assume the quantities and intervals that they do? Why, for example, did the twenty dollar bill become standard in the United States, whereas a twenty cent piece did not; conversely, why is there a quarter, but no twenty-five dollar bill?

There's a tiny part of the economics discipline that studies denominational questions, but characteristically from the point of view of optimality: what mix of denominations would produce the minimum number necessary to maximize

the likelihood of paying in exact change? The theoretical answer—a denominational system based on powers of three (1, 3, 9, etc.)—doesn't exist in the real world, whose many monies otherwise follow the ubiquitous decimal system leavened by powers-of-two arrangements (e.g. 25¢, 50¢, \$1). Why the real monetary world looks different, and messier, from theory may reflect the common fact that humans tend to count by tens, as well as the historical evolution of modern fiduciary money out of commodity-based antecedents. Where the weight of a coin was once proportional to its value, underweight or even counterfeit coins could be detected by simply weighing them against each other. In those circumstances, a powers of two rule would have made detection easier.\*

Even if these conjectures are sound, they don't explain when coin or paper specifically would be used. Smaller denominations turn over more frequently than larger ones, and since coin lasts longer in circulation than paper, it would be cost-effective to spend more per unit to produce coins. In contrast, paper money can make up the higher, slower circulating values. It would then make sense to have the fractional denominations be coin, and the multiple denominations paper.

The issuance of fractional currency is a reliable sign that something has upset the balance between coin and paper. Think of the "Assegnini" in 1970s Italy that made up for a temporary shortage of coined Lire. My Hong Kong note turned out to have been war-related, as were issues like Japanese occupation scrip. Otherwise, recent examples of official currency issued in the smallest fractional denomination possible are relatively uncommon, though in countries with turbulent monetary histories, redenominations have turned old units into the fractional bits of new units. In Brazil, for instance, a 10-Cruzeiro note was rechristened 1 Centavo via an overprint. Bolivia did the same trick with a 10,000 Peso note. Fiji issued a 1 Penny note, also wartime (helpfully, this note bears a picture of the coin it replaced); China a one Fen; Nicaragua a one Centavo; and Congo-Kinshasa a one Centime (the last example threatens, unnecessarily I think, "Le contrefacteur est puni de servitude penale"). Finally, I would be remiss to neglect that Zimbabwe put out its one Cent note in 2006. Given the inflation that subsequently gripped the country, that note would've made an ideal currency for Dr. Seuss's Whoville.

\*Adrian E. Tschoegl, "The Optimal Denomination of Currency" *Journal of Money, Credit and Banking* 29 (Nov. 1997): 546-554.



## President's Column

### July/August 2015

The usual run of coin and paper money shows continued this spring with Baltimore, Georgia Numismatic Association (GNA), Central States Numismatic Society (CSNS), Texas Numismatic Association (TNA) and others. I did not attend all of these, but did make it to Baltimore and GNA. GNA, held in Dalton, Georgia, has a great program of exhibits and meeting including an SPMC meeting hosted by Mack Martin and Dennis Schafluetzel. The SPMC meeting began when I welcomed the 15+ guests. Each guest introduced themselves and included their paper money collecting interest. We then moved to the exhibit area on the bourse floor. Mack Martin gathered everyone around an exhibit on Georgia mining obsolete currency and talked about each of the types in the display. Then we gathered around Dennis Schafluetzel's display of Chattanooga Depression and Clearing House Scrip. These gentlemen did not just talk about the paper money, but helped us understand the context in which it was used, who some of the people were at the time, and what was going on. It was a fascinating discussion!

We need coin and paper money show leaders for future meetings at the Winter FUN show in Florida rotating between Tampa and Fort Lauderdale over the next three years and the Summer ANA which will begin to travel from to Anaheim, CA; Denver, CO; & then Philadelphia, PA to coordinate a meeting, which is not a lot of work...basically it involves getting a room with the show chair, coffee & pastries (which you will be reimbursed), though this is optional, and a speaker. These events are a lot of fun and people get to know others and learn things that may not be picked up online or in other venues.

The Society has around 1300 members. We have new paper applications as well as an easy to get and use online membership at <http://www.spmc.org/signup>. Contact Shawn Hewitt ([shawn@spmc.org](mailto:shawn@spmc.org)) for paper applications. Many of you know people who could benefit as part of the Society and we certainly welcome more members. Our Paper Money magazine is as strong as ever under the leadership of Editor Benny Bolin. The online Obsolete Database project will soon grace our website for members

only with information that can help many collectors in that field. The meetings, ads, calendar, announcements and articles all help one keep track of goings on in the hobby. So please introduce the Society to your friends and fellow collectors.

The Memphis International Paper Money show was one of the best in a few years in my view. And that is saying a lot because Memphis shows have always been a lot of fun and active ever since my first Memphis in 2003. Luckily for Joyce and me, we arrived on time Thursday morning with luggage intact as opposed to last year's 26 hour adventure and 2 day late luggage! Arriving at the show floor to set up, we found a completely different room and layout. Apparently, a community choir or singing group booked our traditional room – we had the opportunity to hear them sing, as our table was adjacent to that wall! I also set up an exhibit – “The Southern Soldier's View of the Civil War” as seen on the back of a note that I own. I will write an article on this for a future Paper Money.

The SPMC breakfast on Friday morning was a jovial affair as always. The breakfast featured great people, good food, a fun raffle and some great awards given to leaders in the paper money hobby. These will be enumerated elsewhere, but I want to give a shout out to Mark Anderson and Judith Murphy honored with the Nathan Gold award for extended service! These two have been incredibly generous with their time and leadership over the years including being super advisors to me in my roles. Other events included Benny Bolin as the featured SPMC speaker, Shawn Hewitt and Wendell Wolka talking about the obsolete database project, and the exhibit awards recognition.

One of the big news items from the International Paper Money Show in Memphis was the release of Dr. Douglas Ball and Henry Simmons new *Comprehensive Catalog and History of Confederate Bonds Second Edition*. Confederate bonds are a fascinating topic in CSA financial history and this work is a major update to Dr. Ball's first edition. Congratulations to Henry Simmons, Richard Self, James Desabaye, Stephen Goldsmith, Joe Boling, and many others who contributed!

I look forward to seeing everyone at the 40<sup>th</sup> IPMS in Memphis in 2016!

*Pierre*



## Editor Sez

*Benny*

Texting and Driving—It can  
wait!



# MEMBERSHIP REPORT

BY FRANK CLARK—SPMC MEMBERSHIP DIRECTOR

## SPMC NEW MEMBERS

### 05/05/2015 - 14367 - 14376

14367 Wayne Dosch, (C), Jason Bradford  
14368 George Pereira, (C), Website  
14369 Michael Catalano, (C), Tom Denly  
14370 Mick Strushensky (C), Website  
14371 Gerald Tebben, (C), Colonial, World),  
Coin World  
14372 Nicholas J. Kurlick, (C), Pierre Fricke  
14373 Luigi D'Emilio, (C & D), Website  
14374 Loren Lomenick, (C), Website  
14375 Thomas Buda (C), Website  
14376 Dale Helm (C), Robert Vandevender

### REINSTATEMENTS

13313 Joe Farrenkopf, (C), Frank Clark

### LIFE MEMBERSHIP

LM422 Jason Bradford formerly 10141  
LM423 Laura A. Kessler formerly 12178

### 06/05/2015 - 14377 - 14387

14377 Thomas Tullis, (C), Website  
14378 Bruce Burnham, (C), Website  
14379 David Marble, (C), Jason Bradford  
14380 Steve Fahlender, (C, MPC,  
Replacements, and World), Website  
14381 Jeff Bercovitz, (C), Joe Boling  
14382 Andrew Sigerson (C, US Large &  
Nationals), Q. David Bowers  
14383 Eric Bergman, (C & D), Website  
14384 Brian Farrell, (C), Jason Bradford  
14385 Douglas R. Witchey, (C), George  
Schweighofer  
14386 Riley McCabe, (C), Website  
14387 Austin Haag, C), Q. David Bowers

### REINSTATEMENTS

None

### LIFE MEMBERSHIP

None

### HONORARY LIFE MEMBERSHIP

HL020 Don C. Kelly formerly 1594  
HL021 Roger H. Durand formerly 2816  
HL022 James Haxby  
HL023 John Herzog  
HL024 Fred L. Reed III formerly 4912

For Membership questions, dues and  
contact information go to our website

**[www.spmc.org](http://www.spmc.org)**

# Memphis was a Happenin' Place

## Starting with the SPMC Breakfast and Tom Bain Raffle



**Bob Moon and Wendell Wolka  
guarding the door**



**The Breakfast Buffet was a  
popular place**



**SPMC board and others enjoying  
a nice, healthy breakfast!**



**President Fricke welcomes all.  
Yes, the top of his head is intact—  
photographer failure.**



**Tickets! Get yer tickets here!!**



**The venerable and always  
entertaining emcee-Wendell Wolka**



**Peter Huntoon  
receives an Editor's  
Appreciation  
Award from Editor  
Bolin**



**Some of the winners of the literary  
awards pose with their medals.**



**Mark Anderson and Judith  
Murphy shared the Nathan  
Gold Award for extended  
service to the Society.**



## And on to the Bourse!



**A Busy Bourse is a Happy Bourse!**



**170+ exhibit cases placed  
by 28 exhibitors were  
coordinated and overseen  
by Martin Delger and  
Robert Moon**



**and old friends reunited.**





## SPMC Awards at Memphis

### Awards Program Purpose

SPMC recognizes its members as being the lifeblood of the organization. The society values the hard work and extra effort that its members do to make the SPMC an exemplary organization. The society rewards members for their contributions through its awards program. The awards program is designed for the purpose of publicly recognizing these individuals/groups in the areas of service, literary achievements and exhibiting.

**Nathan Gold Award**--SPMC's highest award. Given for continuing contribution to the collecting of paper money and to the SPMC over a period of years.

**2015 winner**—Mark Anderson and Judith Murphy

**Nathan Goldstein Award**—For recruiting the most members during the past year.

**2015 winner**—Jason Bradford-PCGS

### Social Media Award—Mark Drengson

**Forrest Daniel Literary Excellence Award**--For exceptional literary achievements.

**2015 winner**— George Tremmel

**Wisner Award**—Best book on paper money, stocks, bonds, etc.

**2015 winner**—Q. David Bowers—Whitman Encyclopedia of Obsolete Paper Money

**Runners up**—Carlson Chambliss—The Comprehensive Catalog of U.S. Federal Large  
Size Notes—1861-1929

**Literary awards for articles appearing in Paper Money.**

#### Confederate

**First place**—Joe Gains

**Second**—Pierre Fricke

#### Federal

**First**—Len Glazer & Mark Anderson tied w/Loren Gatch

**Second**—Jerry Fochtman

#### Nationals

**First**—Peter Huntoon & James Simek

**Second**—Steven K. Jennings

#### Small size

**First**—Peter Huntoon & Lee Lofthus

**Second**—Lee Lofthus

#### Obsolete

**First**—Wendell Wolka

**Second**—Marv Wurzer

#### World

**First**—Mark Anderson

**Second**—Kathy Lawrence

#### Favorite Monthly Column

**First**—Uncoupled—Joe Boling and Fred Schwan

**Second**—Obsolete Corner—Robert Gill

**Dr. Glenn Jackson Award**—Best article using vignettes, proofs, etc.

Joe Gaines

## Exhibit Awards at Memphis

**SPMC Stephen R. Taylor Best-in-Show Award; PCDA John Hickman Best National Currency Award & Bank Note Reporter Most Inspirational Award—James Simek--Scribbles, Scrawls and Signatures.**



**Runners Up—Jerry Fochtman—Starting Your Own Fractional Currency Exhibit  
Benny Bolin—Sin Taxes, Large Tax Documents**

**SPMC Julian Blanchard Award—Best exhibit with proofs, specimens & vignettes—  
Nancy Wilson—Santa Claus Obsolete Notes & Vignettes**



**Bill Sharp Best Obsolete Currency Exhibit—Lavonda Proveaux—The Pigeon Roost Mining Company.**



**Mike Crabb Most Educational Exhibit—Dennis Schafluetzel—Chattanooga Depression & Clearing House Scrip**



**IBNS—Amon Carter, Sr Best World Currency Exhibit—John Wilson—Guatemala 5 peso Issues 1895-1915**

## SPMC Hall of Fame

As its final official activity at the 2015 Memphis IPMS convention, the Board of Governors of the Society of Paper Money held its second annual SPMC Hall of Fame induction ceremony. Held on the evening of Saturday, June 21<sup>st</sup>, 2015, in an event both formal and friendly, serious and social, the Society officially welcomed the “Class of 2015,” consisting of ten new members to the Hall’s ranks. Conceived in 2013 to recognize the truly great contributors to our beloved study and enjoyment of paper money and related pursuits, the first “Class” of fifteen members was officially inducted at Memphis in 2014.

As previously announced in *Paper Money*, the Class of 2015 consists of ten additional “greats.” In alphabetical order, the Class of 2015 is *Charles Affleck, Douglas Ball, Roger Durand, Milt Friedberg, James Haxby, John Herzog, William Higgins, Donald Kelly, Albert Pick*, and our esteemed editor emeritus [whose brain-child the Hall of Fame was], *Fred Reed*.

Per the tradition established in 2014, Society President Pierre Fricke announced the names of each new member at the Society’s breakfast on Friday morning, concluding by adding, “These great friends have distinguished themselves personally and professionally above and beyond in service to our hobby, and we thank them.” During the more formal official proceedings of Saturday, each member’s name was again announced, followed by glasses raised by all present in tribute.

The SPMC Hall of Fame was created with the intention of recognizing the truly outstanding contributors to the values of the Society, to wit, to “*promote, stimulate, and advance the study of paper money and other financial documents in all their branches along educational, historical and scientific lines.*” Suitable candidates may come from any branch of the hobby or nationality and their active period may of course have preceded the creation, in 1961, of the Society of Paper Money Collectors, Inc.



**Members of the SPMC Board of Governors met to toast and celebrate the 2015 class of the Hall of Fame.**



# **Society of Paper Money Collectors, Inc.**

## **Board of Governors Meeting**

**June 20<sup>th</sup>, 2015**

### **Present:**

Mark Anderson, Pierre Fricke, Robert Moon, Shawn Hewitt, Wendell Wolka, Mike Scacci, Benny Bolin, Jeff Bruggeman, Gary Dobbins, Robert Vandevender, Loren Gatch

### **Absent:**

Scott Lindquist, Kathy Lawrence

### **Call to order:**

The meeting was called to order at 8:01 a.m. by President Fricke

### **New Governor Recognition:**

President Fricke welcomed new board member Loren Gatch to the group.

### **Election of Officers:**

The Society's Officers were elected for their 2015-2017 terms.

- President: Secretary Bolin opened the floor for nominations. M. Anderson nominated Pierre Fricke; Shawn Hewitt seconded. Unanimous
- Vice-President: President Fricke asked for nominations for Vice-President. M. Anderson nominated S. Hewitt; W. Wolka seconded. Unanimous.
- Treasurer: President Fricke asked for nominations for Treasurer. M. Anderson nominated R. Moon. W. Wolka seconded. Unanimous.
- Membership Secretary: President Fricke opened the nominations and nominated J. Brueggeman. W. Wolka seconded. Unanimous.
- Recording Secretary: President Fricke opened the nominations and nominated Mark Anderson. W. Wolka seconded. Unanimous.

### **Financial Report:**

Treasurer Moon provided an update on the operating performance and financial condition of the Society. The Treasurer's report had been previously distributed via e-mail and the year-end will be mailed after the fiscal year ends on June 30<sup>th</sup>, 2015. Other highlights noted were:

- We have had advertising checks come in and a few that are left will be followed up on by Wendell.
- Tom Bain Raffle and breakfast report:
  - 75 physical attendees (ticket sales totaled \$1,565.00)
  - \$1,120.00 in raffle ticket sales
  - \$1,759.00 total cost of the breakfasts served
  - Preliminary surplus estimated at \$925.00 (approximate)
- Reservations for next year's event will be made as soon as the dates for the show are finalized.
- Motion made by M. Scacci [second: M. Anderson] to keep the price at \$20 and do away with the late upcharge.

### **Membership report:**

Membership chairman F. Clark was absent due to medical issues. His report had been previously submitted via e-mail. President Fricke asked for questions. None received.

### **Membership report:**

- Membership secretary B. Bolin gave a synopsis of his report as had been previously circulated via e-mail. No questions received.
- New membership secretary, J. Brueggeman will officially step into that role and fulfill those duties effective on September 1<sup>st</sup>, 2015. Transitional logistics were discussed.

### **Editor's Report:**

- Editor Bolin provided synopsis of his report that had been previously circulated via e-mail and attached. Proper distribution of magazine coverage for promotional purposes [25 issues] discussed.
- The Editor has received word from the ANA that Paper Money has been awarded first place in the Specialty category of their Club Publication recognition program, a prestigious and coveted award. The award will be presented at the ANA's annual convention in Rosemont in August.
- It was noted that long time SPMC member, Secretary, Governor and President, Robert Cochran had recently passed away. Editor Bolin developed an "In Memoriam" page & requested input.

### **COINWeek:**

- At this juncture in proceedings, David Lisot arrived and was given the floor for a short presentation on his new website for numismatics, COINWeek.
- Handouts were distributed and the site was discussed.
- The annual cost is \$2,500 per year.
- Governors were given instructions on how to access the site.
- President Fricke suggested members look it over for discussion at the July 21 phone conference.

### **Educational Grants:**

No new grant requests have been received except for P. Huntoon's annual request. This was discussed with a donor and grant money will be used to finance that endeavor.

### **Regional Director Update:**

- Coordinator Judith Murphy will be vacating this role soon.
- Regional meetings have been very active and doing well.
- A volunteer for the Orlando (FUN) show is in the finalization stage.
- Dennis Schaflutzel and Mack Martin are handling the TNA and BR show.
- A room for the meeting at the summer ANA show has been requested but a speaker is needed.
- M. Anderson noted that the Society will again split a Club table with the NYNC at the ANA convention, and he requested some help staffing it, given that the Murphy's do not intend to attend.

### **Librarian's Report:**

Librarian Bruggeman said there had been a modest number of requests; library continues in good standing.

### **Audit Committee:**

- Chairman Scacci summarized the Audit Committee's report as previously provided and confirmed that all aspects covered in the audit displayed conformity with the Society's reported information.
- The CDs are coming due and Treasurer Moon will be checking with the bank for the best rates.
- The audit report was approved on a motion by Wolka [second: Van de Vender]. Unanimous. Report will be filed.
- With the change in the secretary role, the 2<sup>nd</sup> signer for checks needs to be amended. Motion made by M. Anderson [second: W. Wolka] to add Membership Secretary Brueggeman and President Fricke as second signers on the checking account. Motion carried unanimously.

### **Marketing Report:**

Committee Chairman Dobbins gave a report on marketing. He reported on and distributed a spreadsheet showing PCDA members and their status in the SPMC. It was felt that a mini-membership drive be started to get hobby leaders, not just PCDA members to become members of the society. Dobbins will head this initiative and further discussion will be held at the July conference call.

### **Website Report:**

- Webmaster Hewitt referenced and summarized his report as had been previously distributed.
- He stated he had been contacted by Wayne Homren, of the E-Sylum, who is working on the Eric Newman Numismatic Portal and wants the Society to consider becoming a part of it. The main requirement will be the need to build an automated update capability to the site.

- Mr. Hewitt will gather more data, costs and requirements and will present them at the July 21<sup>st</sup> conference call.
- Mr. Hewitt also gave a brief update on the Obsolete Database.
  - Now in the testing phase and is about 90% complete.
  - There have been about 23 state experts identified.
  - He requested a budget of \$2,000/year for maintenance and upgrades.
  - Motion by M. Scacci [second by G. Dobbins]. Unanimous.

#### **Awards:**

Awards chair Anderson provided an update on 2015 literary and exhibit awards.

- He is content with the current awards vendor, K2; they provide a user-friendly web-based interface which allows ordering and prompt delivery of quality awards at “Society friendly” cost.
- He noted that he feels the Society should give thought to developing a method to recognize individuals who recruit for the Society. This will be further discussed at the July meeting.

#### **Exhibits:**

- Exhibit co-chair Moon reported a total of 28 exhibitors and 170 cases, including one exhibit that comprised 72 cases.
- A discussion with more to be forthcoming about how to increase exhibits for next year, the 40<sup>th</sup> IPMS.
- A later discussion was held and an idea of instituting a new class for one-case exhibits be explored. This will be discussed further at the July call.

#### **Fred Reed Update:**

President Fricke reported that he had been able to exchange e-mails with F. Reed the previous week. Fred is able to receive information, but is having expressive issues.

#### **Hall of Fame Report:**

- The Hall of Fame was discussed and Chairman Anderson distributed the current list of potential inductees for 2016.
- He requested that the members of the Board examine it with an eye to adding any candidates as may have been overlooked, in order that a comprehensive pool be available in the fall.
- The second annual SPMC HoF induction ceremony is scheduled for 8 p.m. Saturday evening; all 2014 and 2015 inductees have been invited and all board members are welcome.
- Bolin asked about the presence of the HoF on the SPMC website. Webmaster Hewitt stated it was not one, but he would work with our developer and have one designed and placed.

#### **Committee Report:**

President Fricke asked all committee chairs to report on their members, projects and needs at the July call.

#### **Special Expenditure:**

M. Anderson requested that the Board recall that in recent previous years, in recognition of the increased efforts and resources L. Knight and associates have expended on behalf of significantly improved education programs and exhibit activities, that the Society had allocated funds to partially assist with these expenses and show our appreciation for these efforts. Noting that these activities are closely aligned with the Society’s mission, President Fricke voiced his support for consideration of this again this year. Motion by M. Scacci [second: W. Wolka] to present \$1,000.00 for this use was approved unanimously.

#### **Meeting Schedule:**

President Fricke noted that the next meeting will be a conference call on July 21 at 8p EST.

#### **Adjourn:**

President Fricke called for adjournment the meeting at 10:07 a.m.; unanimous.



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**Vermont National Bank Notes for sale.** For list contact. [granitecutter@bellsouth.net](mailto:granitecutter@bellsouth.net).

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**Stamford CT Nationals For Sale or Trade.** Have some duplicate notes, prefer trade for other Stamford notes, will consider cash. [dombongo@earthlink.net](mailto:dombongo@earthlink.net)

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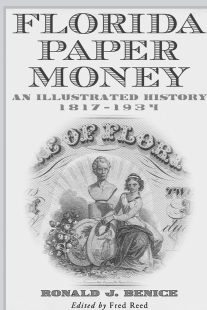
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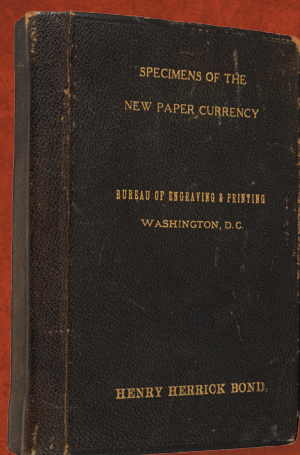
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